

## **Historic, archived document**

Do not assume content reflects current scientific knowledge, policies, or practices.



RS 21  
A83654

7  
J-a



United States  
Department of  
Agriculture

Office of  
Inspector  
General

# Office of Inspector General FY 1996 Annual Plan

October 1, 1995-September 30, 1996





**OFFICE OF INSPECTOR GENERAL**

**FY 1996 ANNUAL PLAN**

**October 1, 1995 - September 30, 1996**



# FOREWORD

---

This is the Office of Inspector General's (OIG) Annual Plan for fiscal year (FY) 1996. It describes our strategies for conducting audits, investigations, and evaluations to provide our Department's managers with information they can use to improve the programs and activities they administer.

We are continuing to implement the National Performance Review recommendations on improving OIG operations, and are meeting the schedule set by Executive Order 12862 on setting customer service standards. We are also following the requirements of the Government Performance and Results Act of 1993 in reinventing our relationships with agency managers as the U.S. Department of Agriculture (USDA) completes its reorganization. Our audit and investigative services provide an important management resource to assist USDA agencies in improving the effectiveness and efficiency of their programs and operations. While we maintain our independence, we work in partnership with USDA agencies to promote integrity by detecting and preventing fraud, waste, and abuse. We provide an important service to agency managers by finding solutions to current problems, identifying vulnerabilities, and recommending actions to avoid future problems.

In FY 1995, in order to assess the quality, efficiency, and effectiveness of our internal operations, we distributed a survey to all our employees, and questionnaires to focus group agencies and United States Attorneys. We used the results of the surveys and questionnaires to assess our strengths and identify those areas in which to concentrate our efforts to improve. We asked those who received the questionnaires to provide narrative comments and suggestions, and we received many valuable insights.

We encouraged agency management to continue to provide input into our planning process, and we incorporated many of their suggestions into our FY 1996 audit plan. The suggestions generated through our meetings with agency management will be carried on into individual audit assignments to better reflect their concerns in the objectives, scope, and approach of our work.

We work with a diverse universe in USDA. Our work involves 29 agencies which administer more than 300 programs involving thousands of sponsors, contractors, and grantees. Our strategic planning process enables us to identify and focus on those programs most vulnerable to fraud and waste, or those where the largest dollar losses are most likely to occur. It also helps us make the best use of our audit and investigative resources. Our strategic plans for FY 1996 are described further in the pages of this plan.

We also set aside time to deal with those unexpected, critical issues that inevitably arise during the course of a year. For example, although we have been able to plan for the effects of USDA's reorganization, the impact of some of the changes that occur as the reorganization plan is fully implemented remains unforeseen. We believe that the flexibility we built into our plan helps us conduct our mission effectively, and ensures that we can respond to high priority issues as they arise. We welcome suggestions for areas to which OIG might give attention in future audit and investigative activities.



ROGER C. VIADERO  
Inspector General





# ***TABLE OF CONTENTS***

---

THE OIG MISSION . . . . .	1
AUDIT AND INVESTIGATIVE UNIVERSE . . . . .	2
STRATEGIC PLANNING . . . . .	2
USDA ORGANIZATIONAL CHART . . . . .	3
OIG ORGANIZATIONAL CHART . . . . .	4
DISTRIBUTION OF OIG RESOURCES	
BY UNDER AND ASSISTANT SECRETARIES . . . . .	5
BY AGENCY . . . . .	6
INVESTIGATIONS . . . . .	7
INVESTIGATIVE PLANNING . . . . .	7
THE INVESTIGATIVE PROCESS . . . . .	8
HOTLINE . . . . .	9
SPECIAL REPORTING OF BRIBES OR GRATUITIES . . . . .	10
DISTRIBUTION OF INVESTIGATIVE RESOURCES	
BY UNDER AND ASSISTANT SECRETARIES . . . . .	11
BY AGENCY . . . . .	12
AUDIT . . . . .	13
AUDIT PLANNING . . . . .	14
THE AUDIT PROCESS . . . . .	15
DISTRIBUTION OF AUDIT RESOURCES	
BY UNDER AND ASSISTANT SECRETARIES . . . . .	17
BY AGENCY . . . . .	18

# APPENDIX

---

I.	OIG STRATEGIES . . . . .	21
	FARM PROGRAMS . . . . .	22
	MARKET DEVELOPMENT . . . . .	24
	DIRECT AND INSURED LOANS . . . . .	26
	GUARANTEED LOANS . . . . .	29
	ENTITLEMENT PROGRAMS . . . . .	31
	CONSUMER PROTECTION . . . . .	34
	FOREST SERVICE . . . . .	36
	MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS . . .	37
	RESEARCH AND TECHNOLOGY TRANSFER . . . . .	39
	PROCUREMENT AND CONTRACTS . . . . .	41
	ACCOUNTING AND FINANCIAL MANAGEMENT . . . . .	43
	INFORMATION RESOURCES MANAGEMENT . . . . .	45
	EMPLOYEE INTEGRITY . . . . .	47
	PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY . . . . .	48
II.	MAJOR AUDITS PLANNED FOR FISCAL YEAR 1996 . . . . .	51
III.	FISCAL YEAR 1996 AUDITS PLANNED . . . . .	69

# ACRONYMS

---

AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
CCC	Commodity Credit Corporation
CFSA	Consolidated Farm Service Agency
CSREES	Cooperative State Research, Education and Extension Service
FAS	Foreign Agricultural Service
FCS	Food and Consumer Service
FS	Forest Service
FSIS	Food Safety and Inspection Service
FY	Fiscal Year
GIPSA	Grain Inspection, Packers and Stockyards Administration
NRCS	Natural Resources Conservation Service
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PCIE	President's Council on Integrity and Efficiency
RBCDS	Rural Business and Cooperative Development Service
RECD	Rural Economic and Community Development
RHCDS	Rural Housing and Community Development Service
RUS	Rural Utilities Service
U.S.	United States
USDA	U.S. Department of Agriculture



# ***THE OIG MISSION***

---

OIG was legislatively established in 1978 with the enactment of the Inspector General Act (Public Law 95-452). The act requires the Inspector General to independently and objectively

- perform audits and investigations of the Department's programs and operations,
- work with the Department's management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance, and
- report OIG activities to the Secretary and the U.S. Congress semiannually as of March 31 and September 30 each year.

We accomplish this mission by

- investigating allegations of fraud and abuse,
- using preventive audit approaches, such as reviews of systems under development,
- conducting audits of the adequacy and vulnerability of management and program control systems, and
- auditing the adequacy of large USDA payments, such as insurance and deficiency payments, major loans, and retailer food stamp redemptions.

OIG is headquartered in Washington, D.C., and has regional offices located in Atlanta, Georgia; Chicago, Illinois; Kansas City, Missouri; New York, New York; Riverdale, Maryland; San Francisco, California; and Temple, Texas. In addition, the Financial and ADP Operations staff is located in Kansas City, Missouri.

We emphasize service to management at all levels of the Department by briefing senior Department officials on major audits and investigations. We also work proactively with agency managers, as part of a united team, by directly encouraging management input into the audit and investigative process to help solve difficult problems impacting program management and operations. As a member of the President's Council on Integrity and Efficiency (PCIE), we participate with other Inspectors General in multiagency projects where the issues are crosscutting and need to be addressed governmentwide.



# ***AUDIT AND INVESTIGATIVE UNIVERSE***

---

The audit and investigative universe comprises all programs, functions, and organizations, and the contractors and grantees for which USDA is responsible. USDA's FY 1996 proposed budget contains a broad agenda of budget programs to support the Department's agencies and program operations. The annual program level, over \$90 billion, represents the value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance, or in-kind benefits such as commodities.

USDA programs are delivered in every State, county, and city in the Nation by almost 108,000 Federal and thousands of non-Federal government employees. In addition, the Secretary of Agriculture has appointed agricultural ministers, attaches, and officers to 80 U.S. embassies, consulates, and trade offices covering over 100 countries. USDA is involved in extensive food quality and safety issues, food aid and assistance programs, market development activities, rural development initiatives, environmental and biotechnology issues, and a wide range of export promotion programs.

## ***STRATEGIC PLANNING***

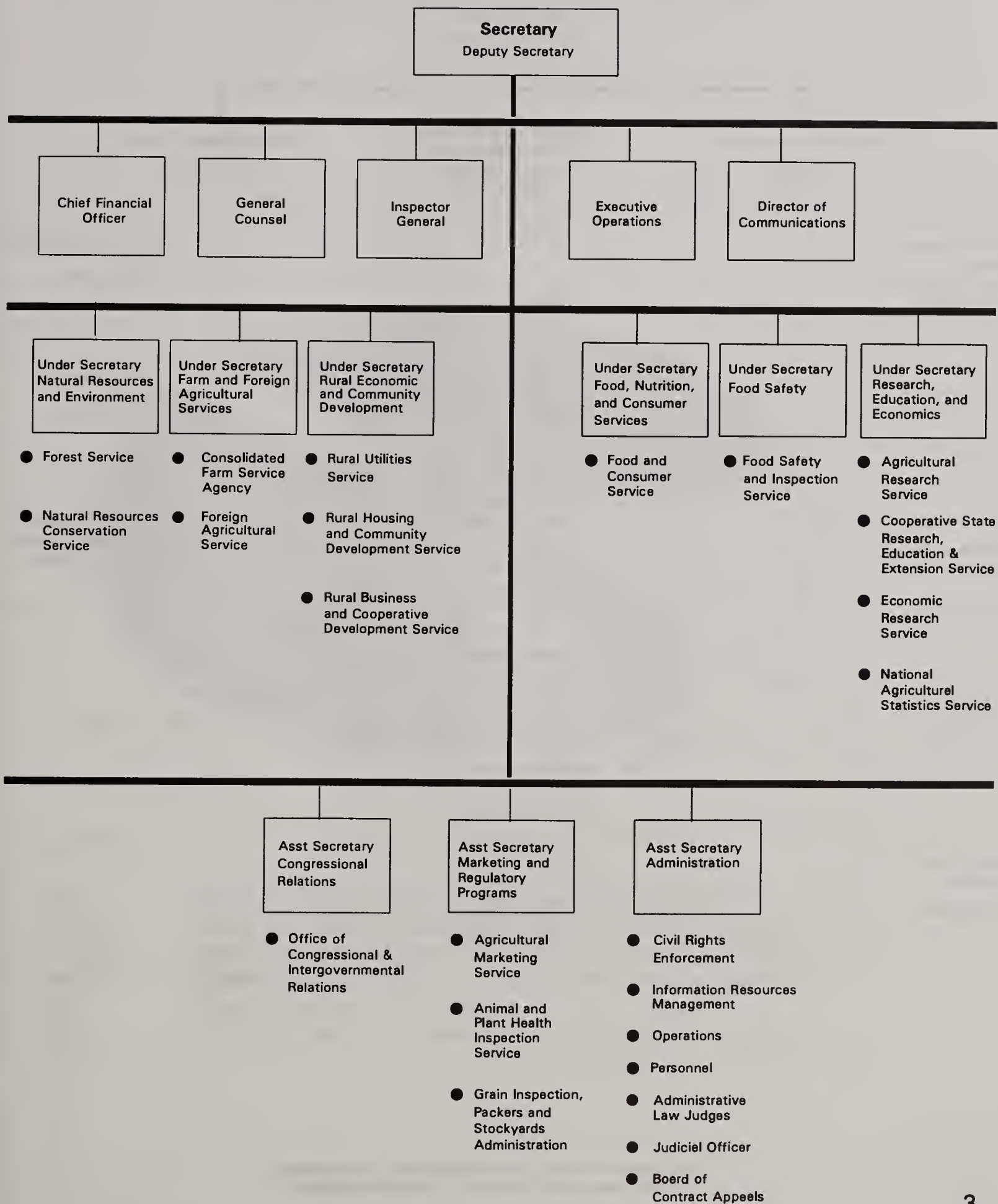
---

Our strategic approach to planning and prioritizing audit and investigative activities enables us to focus our resources on those programs most vulnerable to fraud and abuse, or those where the largest dollar losses are most likely to occur. In each strategic area, we establish goals and plans for both short- and long-term emphasis. We work closely with agency management to identify those areas where we could provide assistance in resolving difficult issues.

Descriptions of our strategies and examples of planned audit and investigative work within the strategies are described in more detail in appendix I. A description of major audits and a complete list of all audits planned can be found in appendices II and III.

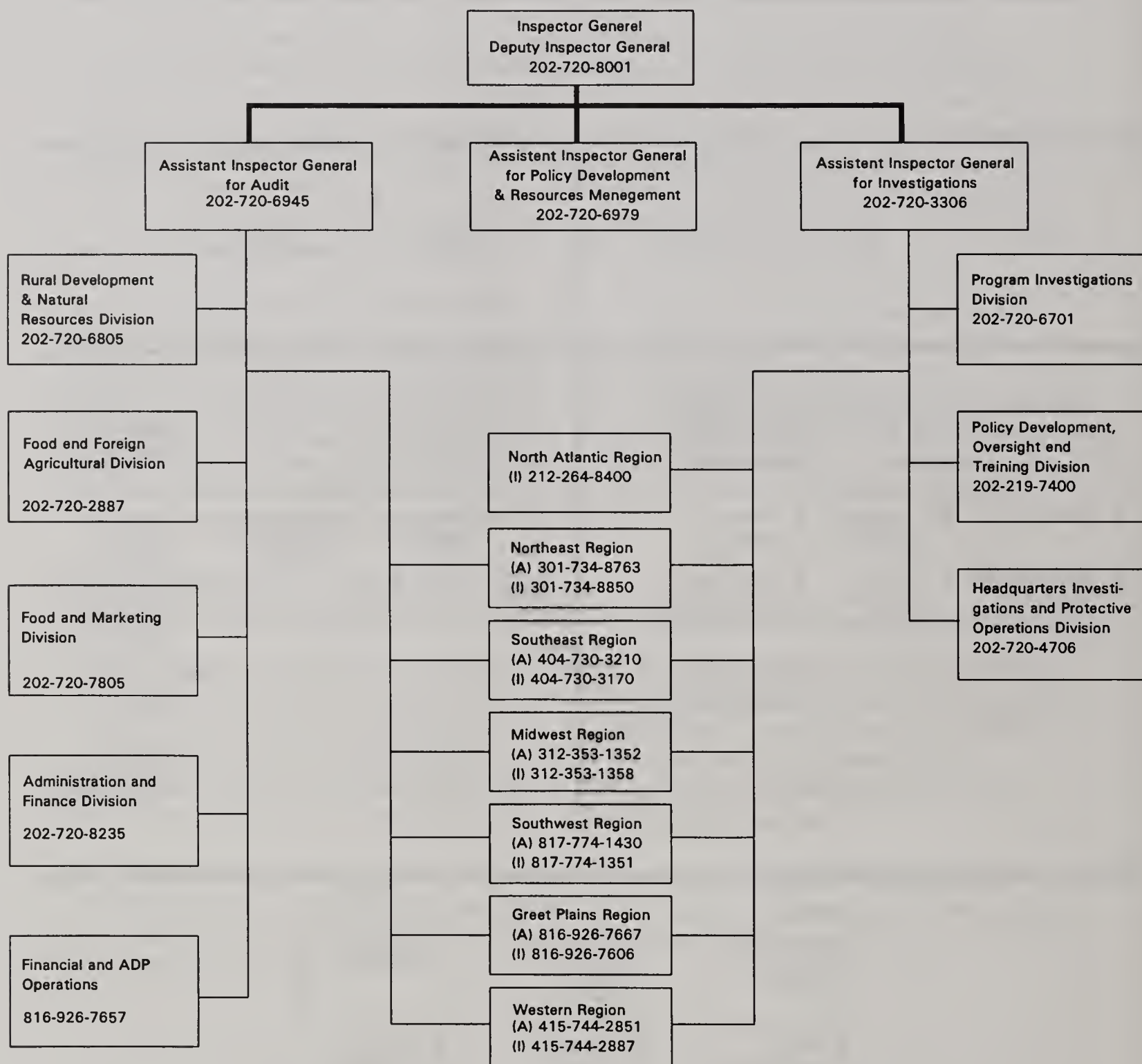
# USDA ORGANIZATIONAL CHART

As of August 1995



# OIG ORGANIZATIONAL CHART

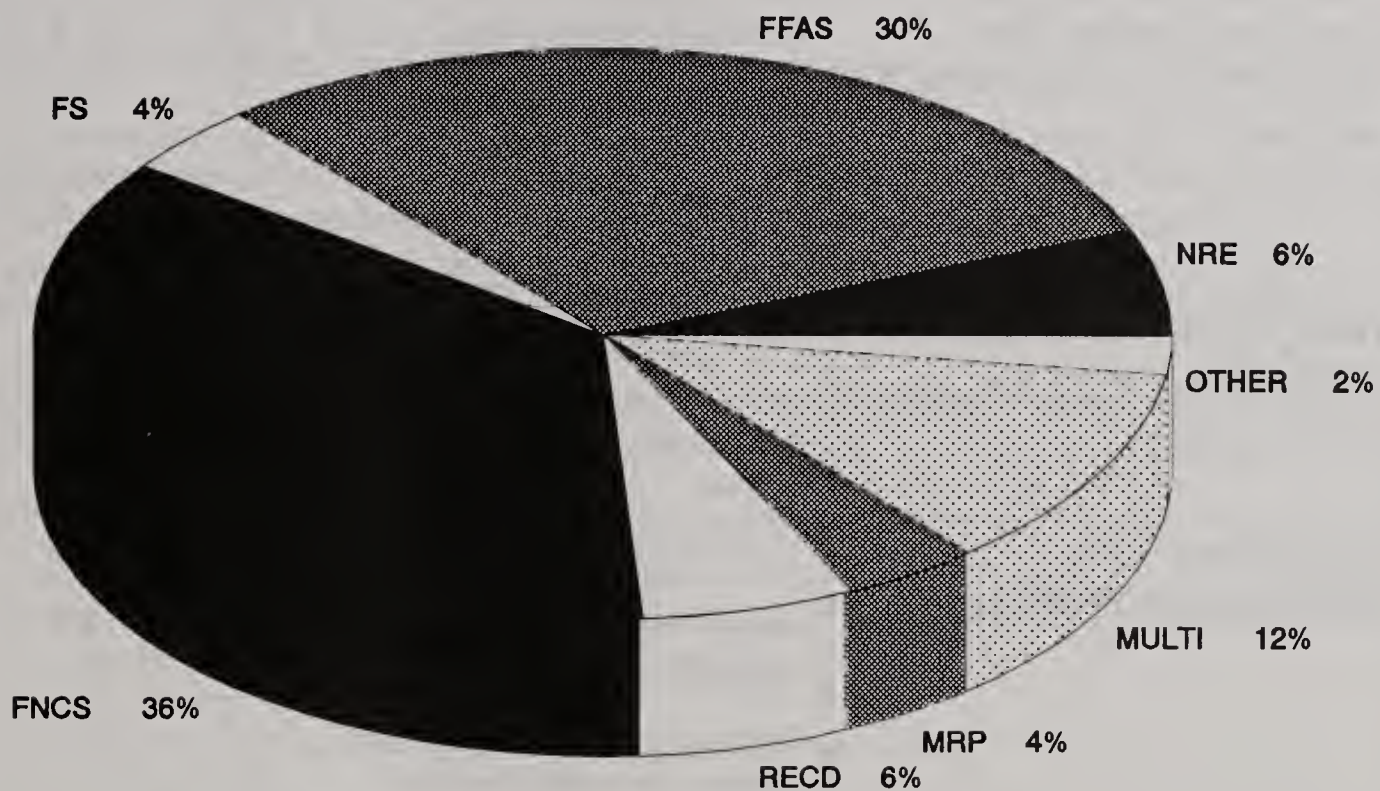
As of August 1995



OIG's mission is to conduct audits, investigations, and evaluations of USDA programs and operations to effect positive changes.



**FY 1996 ANNUAL PLAN  
DISTRIBUTION OF OIG RESOURCES  
BY UNDER AND ASSISTANT SECRETARIES**



**LEGEND**

NRE	Under Secretary, Natural Resources and Environment
FFAS	Under Secretary, Farm and Foreign Agricultural Services
RECD	Under Secretary, Rural Economic and Community Development
FNCS	Under Secretary, Food, Nutrition, and Consumer Services
FS	Under Secretary, Food Safety
MRP	Assistant Secretary, Marketing and Regulatory Programs

**DISTRIBUTION OF OFFICE OF INSPECTOR GENERAL RESOURCES  
BY AGENCY  
FY 1996 PLANNED**

<b>NATURAL RESOURCES AND ENVIRONMENT</b>	Forest Service	6%
	Natural Resources Conservation Service	*
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>	Consolidated Farm Service Agency	28%
	Foreign Agricultural Service	2%
<b>RURAL ECONOMIC AND COMMUNITY DEVELOPMENT</b>	Rural Utilities Service	*
	Rural Housing and Community Development Service	5%
	Rural Business and Cooperative Development Service	1%
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>	Food and Consumer Service	36%
<b>FOOD SAFETY</b>	Food Safety and Inspection Service	4%
<b>MARKETING AND REGULATORY PROGRAMS</b>	Agricultural Marketing Service	2%
	Animal and Plant Health Inspection Service	2%
	Grain Inspection, Packers and Stockyards Administration	*
<b>MULTIPLE AGENCY</b>		12%
<b>OTHER</b>	Administration; OCFO; Research, Education & Economics	2%
*Less than 1%		

# ***INVESTIGATIONS***

---

Investigations are authorized inquiries to gather the facts needed to resolve an allegation that someone has violated a rule, regulation, or law pertaining to USDA programs or operations.

OIG Special Agents are criminal investigators who specialize in the investigation of crimes involving USDA programs. Each investigator receives initial training at the Federal Law Enforcement Training Center in Glynco, Georgia. Additional training in law enforcement procedures, investigative techniques, and USDA program regulations is provided throughout the career of the investigator.

## ***INVESTIGATIVE PLANNING***

---

The investigative planning process focuses on identifying program vulnerabilities and investigative priorities, then establishes general guidelines for the allocation of our investigative resources. It includes an analysis of historical patterns, trends, and results; a review of recent legislative, regulatory, and program changes; consideration of U.S. Department of Justice prosecutive guidelines; consideration of budgetary and staffing restrictions; and coordination with audit activities. Through the investigative planning process, we have identified priorities that include the timely investigation of

- threats to the health and safety of the public,
- issues involving allegations of bribery, conflict of interest, embezzlement, theft, or collusion with program participants, and
- fraud in the loan, regulatory, and benefit programs.

In preparing our plan for FY 1996, we analyzed data on requests for investigation received in previous years, the number of cases opened, and the results of those investigations. We reviewed recent legislative, regulatory, and program changes, and contacted each agency within USDA for suggestions and recommendations. We also reviewed audit plans for FY 1996 and considered our budget and anticipated staffing. Based on these considerations, we developed general guidelines for emphasizing areas for investigation.

These guidelines will be reviewed during FY 1996 by our regional managers before they decide which referrals to take on as active cases. They will also consider the potential program impact, the likelihood of criminal prosecution, the likelihood of large civil monetary recovery, and the deterrent value.



The majority of the investigations are based on referrals from USDA agencies. Departmental Regulation 1700-2, "OIG Organization and Procedures," requires that USDA agencies expeditiously report known or suspected violations of law or regulations to OIG. Activities which must be reported to OIG include

- violations of Federal criminal statutes,
- allegations of criminal conduct involving any employee,
- bribery or attempted bribery of USDA employees.

## ***THE INVESTIGATIVE PROCESS***

The investigative process usually begins with the receipt of an allegation of fraud or mismanagement. Investigations are opened in OIG regional offices in accordance with priorities and general guidelines established at the headquarters level.

After an investigation is opened, it is assigned to a Special Agent who prepares a plan of investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and departmental or agency policies that may be involved. The Special Agent then conducts the investigation, which may require interviewing witnesses, reviewing and analyzing records, obtaining physical evidence, and conducting surveillance and undercover operations. If the Special Agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. Upon completion of the investigation, the Special Agent prepares an investigative report summarizing the facts disclosed during the investigation.

The investigative report is distributed to prosecuting attorneys and agency officials who may have an official interest in the results of the investigation. If the prosecuting attorney decides to proceed with a criminal or civil prosecution, the Special Agent assists the attorney in any preparation for court proceedings that may be required. This assistance may include serving subpoenas, locating witnesses, executing arrest and search warrants, and testifying before a grand jury or at a trial.

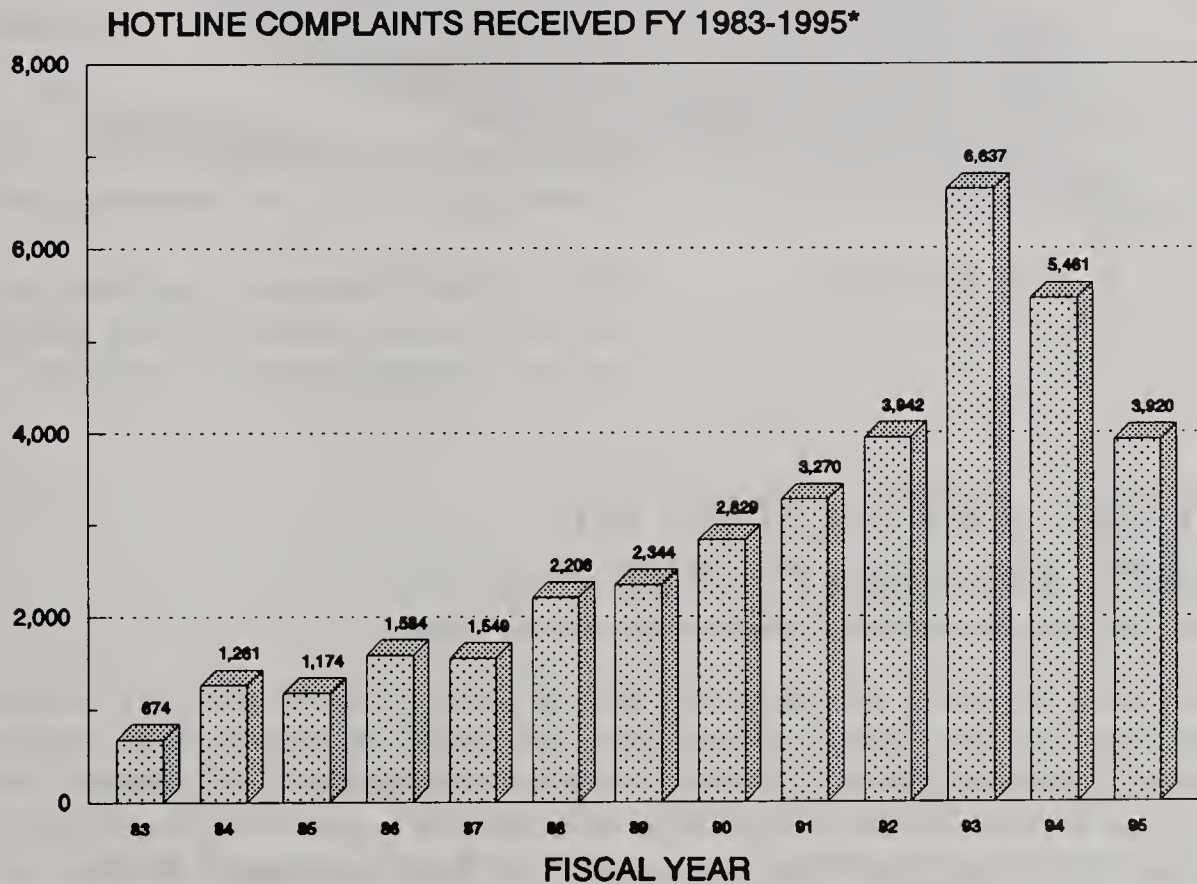
At the conclusion of any court actions, we advise the administrative agency involved of the court results and monitor any corrective or disciplinary action that may be taken by the agency. OIG collects data summarizing the court and administrative results of its investigations and includes this data in its semiannual report to the U.S. Congress.

# ***HOTLINE***

---

Established under the provisions of the Inspector General Act of 1978, the OIG Hotline is operated in accordance with procedures recommended by the PCIE. Allegations received through the Hotline may involve any agency, program, or employee of USDA. The U.S. Congress, the Executive Branch, and the public have come to expect and demand adequate Hotline systems to resolve complaints timely and appropriately. Significant audit findings and investigative results have been obtained based on information received through this critical function.

The number of Hotline complaints received, reviewed, processed, and resolved has increased from 674 in FY 1983 to 5,461 in FY 1994. In the first 9 months of FY 1995, 3,920 complaints were received. The following graph depicts the growth in Hotline activity over the last 13 years.



\* FY 1995 - First 9 months.

The increased number of complaints has also resulted in a greater number of agency responses which must be reviewed and analyzed before making a decision about the need for further audit or investigative work. The operation of the Hotline presently requires seven full-time employees with additional support from seven other employees.

The OIG Hotline has a toll-free telephone number which anyone may call to report fraud, mismanagement, or waste in a USDA program or misconduct by a USDA employee. Callers may choose to remain anonymous or may request that OIG keep their identity confidential.

We have established three Hotline numbers for use by the public and departmental employees. These numbers can be called 24 hours a day. Complaint Analysts are on duty 8:00 a.m. to 4:00 p.m., Eastern Time, Monday through Friday. During non-duty hours, messages can be left on a recorder and are retrieved the following business day.



800-424-9121

This is a toll-free number to be used outside Washington, D.C.



202-690-1622

This number is to be used in the Washington, D.C., metropolitan area.



202-690-1202

This number connects to a telecommunications device for the hearing impaired.  
(NO TOLL FREE NUMBER, CALL COLLECT)

## ***SPECIAL REPORTING OF BRIBES OR GRATUITIES***

---

USDA employees serve as inspectors and graders of meat, poultry, dairy, eggs, and produce and also meet and deal with the public as loanmakers. These employees are occasionally subject to offers of bribes and gratuities to influence their official duties. USDA employees who receive such offers may contact OIG by calling the direct line indicated below. Special Agents respond 24 hours a day. Complainants may also write to the Office of Inspector General at P.O. Box 23399, Washington, D.C. 20026.

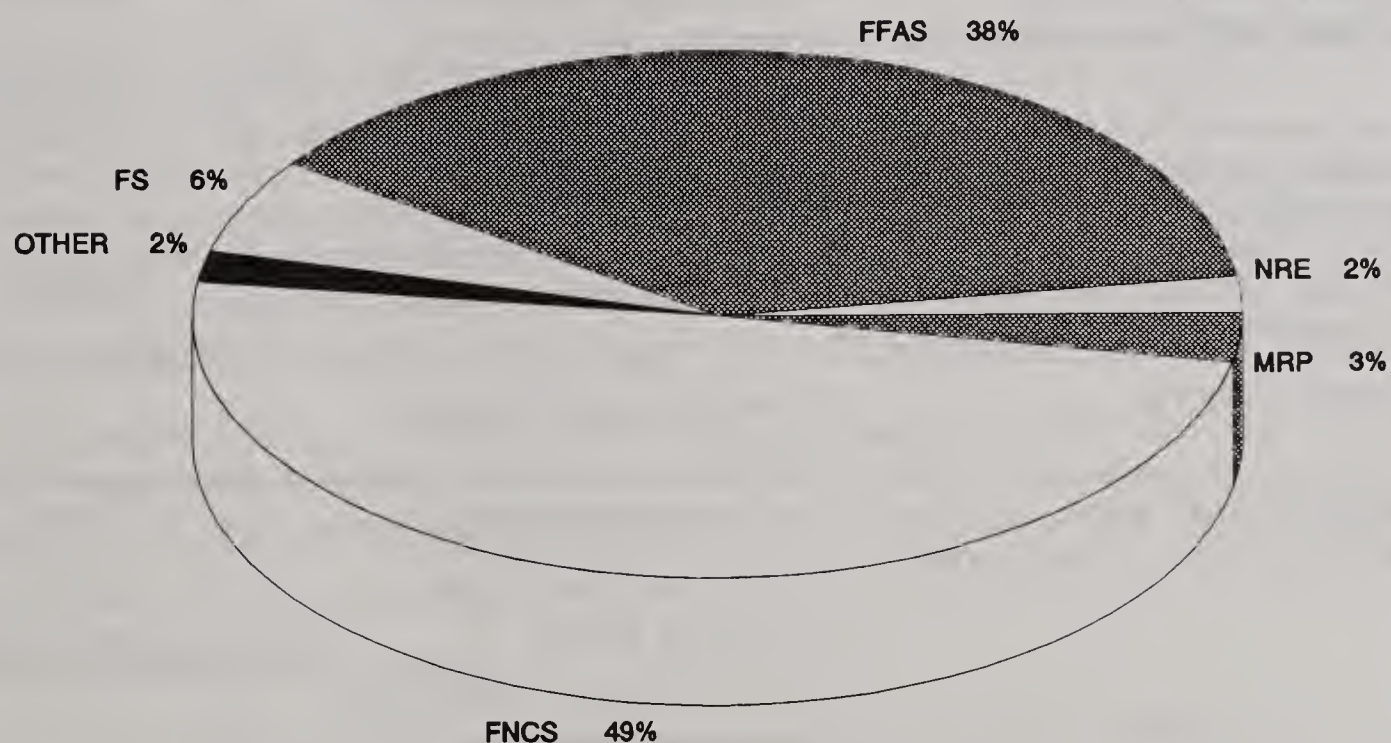


202-720-7257

This number is to be used by USDA employees to report offers of bribes or gratuities.



**FY 1996 ANNUAL PLAN**  
**DISTRIBUTION OF INVESTIGATIVE RESOURCES**  
**BY UNDER AND ASSISTANT SECRETARIES**



**LEGEND**

NRE	Under Secretary, Natural Resources and Environment
FFAS	Under Secretary, Farm and Foreign Agricultural Services
FNCS	Under Secretary, Food, Nutrition, and Consumer Services
FS	Under Secretary, Food Safety
MRP	Assistant Secretary, Marketing and Regulatory Programs

**DISTRIBUTION OF INVESTIGATIVE RESOURCES  
BY AGENCY  
FY 1996 PLANNED**

<b>NATURAL RESOURCES AND ENVIRONMENT</b>	Forest Service	2%
	Natural Resources Conservation Service	*
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>	Consolidated Farm Service Agency	36%
	Foreign Agricultural Service	2%
<b>RURAL ECONOMIC AND COMMUNITY DEVELOPMENT</b>	Rural Utilities Service	*
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>	Food and Consumer Service	49%
<b>FOOD SAFETY</b>	Food Safety and Inspection Service	6%
<b>MARKETING AND REGULATORY PROGRAMS</b>	Agricultural Marketing Service	1%
	Animal and Plant Health Inspection Service	2%
	Grain Inspection, Packers and Stockyards Administration	*
<b>OTHER</b>	Administration; OCFO; Research, Education & Economics	2%
*Less than 1%		



# AUDIT

---

Audit is the examination and verification of the economy and efficiency of an agency's operations, its effectiveness in achieving program results, its compliance with applicable laws and regulations, and its fairness in reporting its financial operations. We also perform evaluations. An evaluation is a review, study, or analysis of USDA's programs or activities for the purpose of providing information to managers for decision making; for making recommendations for improvements to programs, policies, or procedures; and for administrative action. In addition to audits performed by OIG staff, we contract with certified public accountants for some audits and oversee the quality of the work of auditors under contract to other agencies of the Department.

OIG auditors conduct their work in accordance with the "Government Auditing Standards: 1994 Revision" (Yellow Book), published by the U.S. General Accounting Office, and in accordance with the professional standards set by the American Institute of Certified Public Accountants. We have established and implemented a program to ensure that our staff maintains professional proficiency through continuing education and training. Training directly related to the Government auditing environment is provided to newly hired, intermediate, and advanced level OIG auditors through in-house audit academies.

"Government Auditing Standards" describes the types of audits that Government and nongovernment organizations conduct and the audit standards to be followed. Government audits are classified as financial or performance audits.

## FINANCIAL AUDITS

**Financial statement audits** provide reasonable assurance about whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows in accordance with generally accepted accounting principles.

**Financial related audits** determine whether financial reports and related items, such as elements, accounts, or funds are fairly presented; whether financial information is presented in accordance with established or stated criteria; whether the entity has adhered to specific financial compliance requirements; and whether the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives.

## PERFORMANCE AUDITS

**Economy and efficiency audits** determine whether the entity is acquiring, protecting, and using its resources economically and efficiently; what the causes of any inefficiencies or uneconomical practices are; and whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

**Program audits** determine whether the desired results or benefits established by the legislature or any other authorizing body are being achieved; whether the organizations, programs, activities, or functions are effective; and whether the entity has complied with laws and regulations applicable to the program.

## ***AUDIT PLANNING***

---

Each year, we begin the planning process by updating our profiles of USDA programs and activities and by requesting audit suggestions from the Under and Assistant Secretaries, agency heads, and OIG staff. In prioritizing the suggestions for inclusion in the FY 1996 Annual Plan, we considered

- current and potential dollar magnitude,
- audit requirements established by law,
- statutory and regulatory requirements,
- adequacy of internal control systems,
- newness, changed conditions, or sensitivity of the organization, program activity, or function,
- extent of Federal participation in terms of resources or regulatory authority,
- management needs to be met,
- prior audit history,
- prior investigation history, and
- timeliness, reliability, scope, and results of audits or evaluations performed by others.

# ***THE AUDIT PROCESS***

---

The phases of the audit process include the following

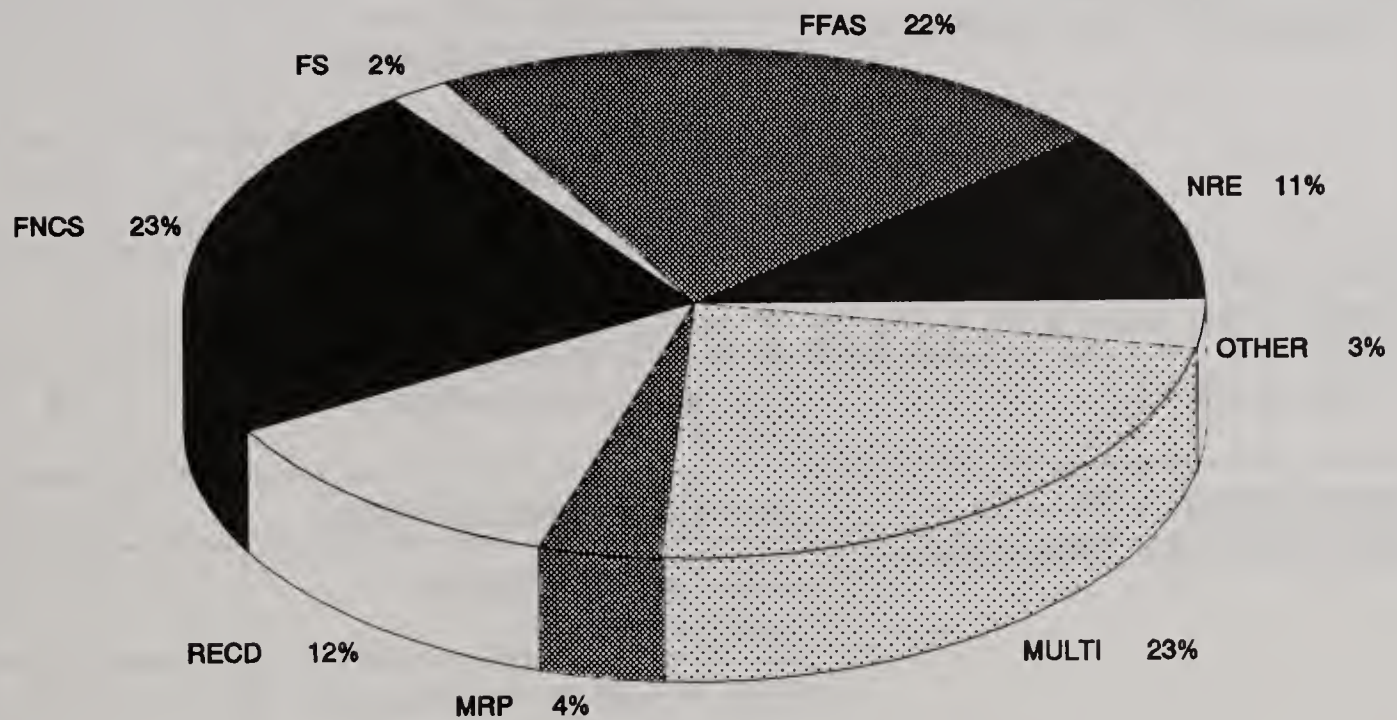
<b>Audit Approach</b>	Development of an audit approach includes determining the reasons for selecting the audit subject, overall audit objectives and scope, locations to be audited, OIG staff who will perform the audit, staff-days needed, other resources required (e.g., specialists with timber or banking expertise) to perform the audit, and benefits anticipated from the audit.
<b>Audit Notification</b>	Audit notification to the appropriate USDA agency or office informs auditees of our intent to begin an audit.
<b>Entrance Conference</b>	OIG staff hold entrance conferences with agency officials to discuss and obtain input on the purpose and objectives of the audit, its scope, and the general methodology and procedures to be followed.
<b>Survey Work</b>	Auditors perform survey work to gather information and identify problems.
<b>Field Audit Work</b>	Detailed audit testing and interviewing are undertaken if the survey indicates the need to learn more about conditions noted.
<b>Discussion Draft Report and Exit Conference</b>	At the conclusion of an audit, OIG holds a formal exit conference with the agency's principal officials to review the audit results presented in a discussion draft report. This gives management an opportunity to confirm information, to ask questions, and to provide any necessary clarifying data.
<b>Official Draft Report</b>	After the exit conference, OIG makes necessary changes to the draft report and presents it as an official draft report to the agency for final written comments. The agency is generally given 30 days to respond to the official draft report.
<b>Final Report</b>	OIG prepares and issues a final report which contains the agency's written response.

**Management  
Decision and  
Final Action**

A management decision (agreement to take action on an audit recommendation) must be reached on all report recommendations within 6 months of issuance of the report. OIG tracks management's actions through the management decision; the Office of the Chief Financial Officer tracks actions from the management decision to completion of final action. The status of management decisions is included in OIG's semiannual report to the U.S. Congress. The status of final actions, including those not completed within 1 year of the management decision, is reported in the Secretary's semiannual report to the U.S. Congress.



**FY 1996 ANNUAL PLAN  
DISTRIBUTION OF AUDIT RESOURCES  
BY UNDER AND ASSISTANT SECRETARIES**



**LEGEND**

<b>NRE</b>	<b>Under Secretary, Natural Resources and Environment</b>
<b>FFAS</b>	<b>Under Secretary, Farm and Foreign Agricultural Services</b>
<b>RECD</b>	<b>Under Secretary, Rural Economic and Community Development</b>
<b>FNCS</b>	<b>Under Secretary, Food, Nutrition, and Consumer Services</b>
<b>FS</b>	<b>Under Secretary, Food Safety</b>
<b>MRP</b>	<b>Assistant Secretary, Marketing and Regulatory Programs</b>

**DISTRIBUTION OF AUDIT RESOURCES  
BY AGENCY  
FY 1996 PLANNED**

<b>NATURAL RESOURCES AND ENVIRONMENT</b>	Forest Service	10%
	Natural Resources Conservation Service	1%
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>	Consolidated Farm Service Agency	20%
	Foreign Agricultural Service	2%
<b>RURAL ECONOMIC AND COMMUNITY DEVELOPMENT</b>	Rural Utilities Service	1%
	Rural Housing and Community Development Service	9%
	Rural Business and Cooperative Development Service	2%
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>	Food and Consumer Service	23%
<b>FOOD SAFETY</b>	Food Safety and Inspection Service	2%
<b>MARKETING AND REGULATORY PROGRAMS</b>	Agricultural Marketing Service	2%
	Animal and Plant Health Inspection Service	1%
	Grain Inspection, Packers and Stockyards Administration	1%
<b>MULTIPLE AGENCY</b>		23%
<b>OTHER</b>	Administration; OCFO; Research, Education & Economics	3%
*Less than 1%		

***APPENDIX I***  
***OIG STRATEGIES***





## ***OIG STRATEGIES***

---

The FY 1996 Strategies are:

- FARM PROGRAMS
- MARKET DEVELOPMENT
- DIRECT AND INSURED LOANS
- GUARANTEED LOANS
- ENTITLEMENT PROGRAMS
- CONSUMER PROTECTION
- FOREST SERVICE
- MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS
- RESEARCH AND TECHNOLOGY TRANSFER
- PROCUREMENT AND CONTRACTS
- ACCOUNTING AND FINANCIAL MANAGEMENT
- INFORMATION RESOURCES MANAGEMENT
- EMPLOYEE INTEGRITY
- PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

Descriptions of the strategies, with examples of audit and investigative work recently performed and planned for FY 1996, are presented on the following pages.

## ***FARM PROGRAMS***

The Farm Programs strategy encompasses a variety of farm commodity and conservation programs administered by the Consolidated Farm Service Agency (CFSA). The programs are funded primarily through the Commodity Credit Corporation (CCC), a Government entity for which CFSA provides operating personnel. The principal activities of CFSA/CCC included in this strategy are the administration and management of the price support, production adjustment, risk management, farm credit, conservation, and warehouse examination programs, estimated at about \$25 billion for FY 1996.

### **AUDIT**

Our strategy is designed to ensure overall program integrity, prevent and detect program losses, provide a visible audit presence, ensure program objectives are being accomplished, and assist program managers to find solutions for known or potential program weaknesses. Emphasis on farm programs is needed because of the significance of prior audit findings, the expansion and revision of major program areas, the magnitude of funding legislated by the 1990 Farm Bill, departmental reorganization, and the upcoming 1995 Farm Bill.

Our FY 1995 audits continued to find problems with CFSA payment limitation rules and abuse of the rules by producers. In addition, our work on the ad hoc disaster assistance programs has continued to show major problems in controls which have resulted in substantial losses. We have referred a large number of cases for criminal investigation, and criminal indictments are being announced. We need to evaluate the new 1995 crop insurance programs (catastrophic risk and noninsured assistance) to determine if the same types of abuses that occurred in the ad hoc programs are occurring in the new programs. OIG audits have identified the need for improved internal control processes within CFSA, and problems with producers submitting false or misleading information for program payment purposes.

Among the major audits of CFSA planned for FY 1996 are audits of crop insurance (1995 catastrophic risk protection and noninsured assistance program payments), review of National Appeals Division decisions, monitoring of the Department's reorganization, and evaluation of the 1995 Farm Bill provisions.

## INVESTIGATIONS

The major emphasis of our Farm Programs investigative strategy has been to investigate allegations of fraud. Our regional offices have always maintained a close working relationship with State CFSA offices to ensure timely referral of investigative matters and to develop an understanding of CFSA's priorities, resources, and needs. Headquarters informs the regional offices of significant program changes, develops national guidelines for referral of investigative matters, and alerts top agency managers to any program provisions that allow a potential for abuse.

Our decision to initiate an investigation is based on several factors, including the likelihood of criminal prosecution or large civil monetary recovery. We determine this in consultation with the appropriate U.S. attorney's office and representatives of the Office of the General Counsel. Another factor which influences the decision to open a case is the deterrent value of the Government bringing court actions against a producer.

Those matters not investigated by OIG are referred back to CFSA for appropriate administrative action. The agency also has the option of resubmitting a request for an investigation based on additional or updated information.

Historically, our major concerns in CFSA programs have been conversion of farm-stored commodities, securing CCC loans, false statements by commodities producers, and fraud by warehouse operators. Recently, disaster program fraud has become much more prevalent and we anticipate the number of referrals for investigation in the area to increase greatly. We plan to expend more of our investigative time in this area than in previous years.

Our strategy in risk management (formerly Federal Crop Insurance Corporation) investigations is to continue working closely with the risk compliance division to ensure the timely referral of matters of interest and to strengthen the effectiveness of the compliance unit. We anticipate devoting 4 percent of our resources in FY 1996, the same as in FY 1995.



## ***MARKET DEVELOPMENT***

This strategy covers the Department's broad mission of selling agricultural commodities with the purpose of increasing farm income. Legislative goals require that there be full agricultural production at competitive prices, full assurance of quality, reliability of supply, profitable returns to the producer, and an orderly marketing process.

USDA has designed program delivery that involve subsidies, credit guarantees, long-term loans, magazines and reports, advertising, trade negotiations, quality standards, market regulation, grants and cooperative agreements, trade fairs, and international conferences. Agricultural trade offices make potential foreign customers aware of our farm products. To carry out these diverse programs, USDA works with State and foreign governments, producer groups, nonprofit commodity groups, agricultural processors, exporters, land grant colleges, county extension agents, and individual producers. Export promotion includes business counseling, training, market research information, trade missions and fairs, and export finance and assistance.

### **AUDIT**

Our strategy is to evaluate the reasonableness of the Foreign Agricultural Service's (FAS) marketing goals; review the usefulness and implementation of the USDA agricultural trade strategies; evaluate the established marketing performance measures; survey USDA market development functions to obtain an up-to-date inventory of activities, funding sources, recent accomplishments and internal control systems; and audit the Food Aid Donation and Market Promotion Programs.

During 1995, at the request of the FAS officials, we evaluated Title I of the Agricultural Trade and Development and Assistance Act of 1954 to gather suggestions for the Department's 1995 Farm Bill legislative proposal. We also began reviewing the domestic origin requirements for commodities exported under various USDA export programs. Results of a questionnaire sent to 100 exporters are being considered and will be summarized in the final report. We also began evaluating the Department's implementation of the North American Free Trade Act. As required by foreign assistance legislation, we began reviewing how funds transferred from the Agency for International Development to USDA were spent on technical assistance provided to the Newly Independent States of the Former Soviet Union.

In FY 1996, OIG plans to review internal controls over foreign agricultural offices, Public Law 480 Program management, and the Market Promotion Program Third Party Reimbursements and Contributions. Also in FY 1996, we plan to review the End Use Certificates administered by CFSA.

## **INVESTIGATIONS**

We have completed several significant investigations involving FAS. We will continue to work closely with OIG-Audit and FAS to ensure timely review of allegations involving FAS programs. We anticipate that available staff workdays devoted to FAS cases will remain at approximately 2 percent.

## ***DIRECT AND INSURED LOANS***

The three major direct and insured loan lenders in USDA are the Rural Housing and Community Development Service (RHCDS), the Rural Utilities Service (RUS), and CFSA. RHCDS provides credit assistance through direct loans for housing programs (single and multifamily housing loans), and to build or improve other types of essential public-use facilities, such as health care facilities, fire stations, and police stations, serving rural areas. RUS makes insured loans to rural electric cooperatives, rural telephone cooperatives and companies, and water and waste facility operators. CFSA provides credit assistance through direct loans for farmer programs (operating, ownership, emergency, and other loans).

### **AUDIT**

Our Direct and Insured Loans strategy calls for a review of CFSA's Farmer Program loanmaking and loanservicing activities. We will analyze the feasibility of farmer operations, review the agency's adherence to legislative requirements imposing limitations on assistance, and evaluate the propriety of subsequent loans made to borrowers who had received net recovery buyouts of prior loans.

In FY 1995 we continued to focus on Rural Rental Housing (RRH) activities. We issued a major audit on loanmaking which garnered significant congressional interest. The audit disclosed that RHCDS had not established any procedures or controls to limit assistance to developers. Our review showed that the developers in our sample reaped returns of up to nearly 700 percent on their investments. In another audit, we found that a management company operating 38 RRH projects could not account for approximately \$5 million of project funds.

The FY 1996 plan reflects our continued emphasis on the RRH Program to include a review of rehabilitation loans, which contain many of the same vulnerabilities, like tax credits, as the loanmaking area. We also intend to assess the reasonableness of management fees and maintenance costs. In addition, we plan to follow up on our prior audits of operations and construction.

For RUS, we plan to evaluate the impact and effectiveness of the 1993 amendment to the Rural Electrification Act which introduced the concept of financial need to the Electric Loan Program.



## INVESTIGATIONS

Our strategy in CFSA farm loans is similar to our Farm Programs strategy. Our regional offices maintain close coordination with CFSA State offices to ensure clear communication and prompt referral of investigative matters. Decisions to open cases are usually based on the likelihood of criminal prosecution or large civil monetary recovery. Matters not meeting those criteria are sent back to CFSA for appropriate administrative action.

In coordination with CFSA officials, a nationwide CFSA policy was developed to ensure only those matters with a strong potential for investigation or prosecution are referred to OIG. We believe this will increase the speed with which CFSA can pursue administrative or judicial remedies to resolve problem loans.

The greatest number of loan fraud investigations involve either unauthorized disposition of property mortgaged to the Government, or false statements by borrowers in order to obtain more or greater dollar-value loans or debt writedowns than those to which they are actually entitled. In October 1994, at the direction of the Secretary of Agriculture, the Loan Resolution Task Force (LRTF) was established to expedite processing of outstanding, large dollar CFSA farm program loans. The work of the LRTF has resulted in numerous requests for investigation to OIG.

We continue to investigate allegations of fraud in RHCDS' Rural Housing (RH) and RRH Programs. RH fraud typically involves the borrower's failure to accurately report household income, or composition, or both. RRH fraud investigated during the first 9 months of FY 1995 primarily involved housing project managers' theft or misuse of reserve accounts, falsification of records of tenants or occupancy, and "layering" of management functions and costs in order to siphon off money for personal gain.

We plan to devote to CFSA farm programs and RHCDS programs approximately 17 percent of FY 1996 investigative workdays.

Most of our RUS investigations have focused on borrowers who embezzled or diverted loan funds or who inflated costs in order to receive additional loans. We expect the percentage of investigative staff days devoted to RUS investigations to remain at approximately 1 percent in FY 1996.

During 1995, our investigative staff worked with RUS officials on a revision to procedures for referring matters to OIG for possible investigation. The purpose of this revision was to make referrals more timely and to reduce the number of referrals which are routinely declined for investigation by OIG. Investigative staff now attend RUS meetings and assist RUS in the early determination of OIG's investigative interest in a matter. This process also allows OIG to intercede before RUS administrative actions can interfere with a possible criminal investigation.



## ***GUARANTEED LOANS***

For guaranteed loans, funds are supplied directly to borrowers by commercial lenders, with USDA agencies minimizing the lender's risk. CFSA, RHCDS, and the Rural Business and Cooperative Development Service (RBCDS) reimburse the lending institution for a specified percentage (up to 90 percent) of any loss resulting from borrower default. The Food Security Act of 1985 mandated the shift from direct farm loan guarantees by decreasing appropriations for direct loans and increasing authorizations for guaranteed loans.

The RUS Guaranteed Loan Program was established in 1973 and authorized the agency to guarantee loans made by the Federal Financing Bank (FFB) of the U.S. Treasury to generation and transmission cooperatives. The Omnibus Budget Reconciliation Act of 1990 created a new 90-percent guaranteed loan program for electric distribution borrowers. This program is also financed by the FFB.

### **AUDIT**

Our Guaranteed Loan strategy in these areas for FY 1996 is to focus on loanmaking. We plan to follow up on CFSA policies and procedures regarding borrower eligibility for farm operating and ownership loans. We also plan to evaluate the reasonableness of interest rates charged to guaranteed loan borrowers and to analyze the borrower universe to ensure lenders are not using the program as a method to redirect their troubled borrowers.

We also intend to review the Guaranteed Rural Housing Loan Program administered by RHCDS. The program, which was authorized several years ago but had virtually no activity, now is surging in popularity. For FY 1996 over \$1.6 billion has been authorized. We plan to assess the eligibility of the borrowers and the procedures and controls governing the program.

Our strategy also calls for an assessment of the RUS Guaranteed Loan Program to electric distribution cooperatives. The program, launched a few years ago to provide a method for borrowers to accelerate their access to funds, has had very little activity. Apparently borrowers have been unwilling to pay the higher interest rates associated with the private credit. A concern we have is whether obtaining a guaranteed, versus insured, loan should be a borrower elective since Government funds are conserved through guarantees and this method of financial assistance (guarantees) is being employed in all other programs, apparently with fiscal success.

In FY 1996 we will also review the implementation by the RBCDS of the revised Business and Industry Loan Program regulations, including the new Certified Lender Program, to determine whether controls are adequate to protect the Government's interest.

## ***ENTITLEMENT PROGRAMS***

The Food and Consumer Service (FCS) administers the Department's food assistance programs, which include the Food Stamp Program (FSP); the Child Nutrition Programs (CNP); and the Supplemental Food Program for Women, Infants and Children (WIC). These three major entitlement programs will account for approximately \$40 billion in expected expenditures in FY 1996. All these programs are administered by the States through agreements with FCS. The States, in turn, negotiate with county and project offices to deliver program benefits.

### **AUDIT**

Our audit strategy is to focus on both FCS' overall administration of the programs, especially the FSP, and the adequacy of controls and systems FCS has in place to manage the programs. We will also build upon audits performed under the Single Audit Act (Office of Management and Budget (OMB) Circulars A-128 and A-133).

In FY 1995 our audits focused primarily on the FSP since it is the largest of the entitlement programs. We monitored the development of Electronic Benefits Transfer (EBT) systems to evaluate system controls. We also reviewed casefile documentation in one State to determine if actual issuances were supported, and found that documentation failed to support a number of issuances. Based on the results of this audit, we reviewed 23 States' and 4 counties' computer systems for automatic cutoff of benefits when a certification period ends and no recertification occurs. Four of the States lacked sufficient controls to prevent assigning excessive certification periods to households. In addition, we audited the propriety of FSP administrative costs claimed in several States. Our audit determined that FCS continued to be hindered in its ability to detect and prevent State agencies from claiming ineligible or unsupported costs as part of their claims for reimbursement for FSP administrative costs. We also conducted, in FY 1995, an audit of vendor disqualification activities for the FSP and WIC. We found violation-prone retailers are not always sanctioned and considered for disqualification from participation in all FCS programs for which they were authorized.

Further, we evaluated FCS' controls over trade route retailers (commonly referred to as "rolling stores") authorized to accept food stamps. Our evaluation found a high level of program violations by rolling stores. Because of the minimum requirements to receive a retailer authorization, low cost of capital needed to establish a trade route (used vehicle), and mobility of rolling store operations, they



are susceptible to use as a tool for committing program fraud and abuse. We also conducted a nationwide sweep of retailers authorized under the FSP to accept food stamps. We found a significant incidence of retailers who did not meet program criteria or whose eligibility was questionable. We believe trafficking can be reduced if greater efforts are made to see that only eligible retailers are authorized.

We audited the Day Care Homes (DCH) programs in four States. We found that DCH's claimed meals for absent and/or nonexistent children, did not maintain current meal count and/or menu records, and sponsors did not perform all required monitoring visits to DCH's.

Since FCS programs have large cash outlays, the potential exists for fraud and large dollar losses. In FY 1996 we will continue to emphasize audits of FCS programs, particularly the FSP, to ensure that critical internal control checks are in place to guarantee efficiency, effectiveness, and economy. With EBT expansions planned over the remainder of the decade, we will be working closely with FCS to assure that EBT systems have sufficient controls to provide an accurate amount of benefits and that the EBT data base is used to identify problem retailers and participants.

We began several audits this fiscal year in the FSP that will be completed during FY 1996. These audits include the strategic monitoring of EBT System developments, error rate reduction activities, the reinvestment of food stamp penalties, and income and eligibility verification systems. Also scheduled to be completed next fiscal year are our audits on food distribution and WIC administrative costs.

In the National School Lunch Program we are continuing our focus on procurement issues. In addition, we will review food service management companies and State administrative expense funds.

## INVESTIGATIONS

Our FSP investigations have typically focused on trafficking perpetrated by (1) authorized retail grocery store owners and employees and (2) individuals not associated with authorized retail stores, all of whom exchange food stamps for cash, drugs, property, or other nonfood items. In FY 1996 we expect to continue to expend a considerable amount of investigative resources in this area.

With the expansion of EBT, we expect to increase the amount of investigative resources devoted to investigating entities authorized to redeem FSP benefits through EBT systems.



In order to maximize the effectiveness of these investigations and improve our intelligence-gathering capabilities, we will continue to work closely with the FCS compliance staff in cases involving authorized retailers. We will continue to work with other Federal, State, and local law enforcement agencies in cases involving trafficking.

During the first three-quarters of FY 1995, we expended approximately half our investigative resources on FCS programs, primarily in the FSP. In FY 1996 we plan to use approximately 49 percent of staff workdays on FCS programs.

## ***CONSUMER PROTECTION***

Consumer protection activities within the Department include those activities designed to ensure that the food the consumer eats is safe and properly labeled and graded, and the Nation's plant and animal resources are safeguarded. These activities are performed by the Food Safety and Inspection Service (FSIS); Agricultural Marketing Service (AMS); Animal and Plant Health Inspection Service (APHIS); and the Grain Inspection, Packers and Stockyards Administration (GIPSA). The activities include in-plant inspections of all domestic establishments preparing meat and poultry products for sale or distribution; review of foreign inspection systems and establishments; inspection and quarantine of animals and plants at U.S. ports-of-entry; control of agricultural losses caused by predatory animals; developing standards for licensing and testing veterinary biologics; establishing grading standards for eggs, tobacco, livestock, dairy, poultry, fruits, vegetables, and grain; and performing weighing and inspection services to ensure the standards are met. The public depends on these agencies to ensure a safe food supply; farmers depend upon these agencies to protect agricultural resources and maintain consumer confidence in the market for their products.

### **AUDIT**

Food safety and quality issues have received considerable attention over the last few years. In addition, increased foreign trade has become a key economic objective. Our strategy is to assess management control systems which assure that the Department is effectively protecting both the consumer and the agricultural resources of the Nation. Our strategy focuses on the intensified activities in food safety to identify and implement new meat, poultry, and egg inspection technologies.

Our FY 1995 plan included an evaluation of changes in the meat and poultry inspection system in FSIS, as well as an audit of the Salmonella Enteritidis Traceback Program for shell eggs. We also reviewed administrative aspects of the AMS Pesticide Data and Recordkeeping Programs, as well as AMS dairy grading activities.

In addition, we continued to work with AMS in developing audit standards for financial audits for marketing order committees and Research and Promotion Boards. Most recently we have completed an audit program for the shipping point inspections of fruits and vegetables and will use it in Florida during this upcoming year.

For 1996 we will continue to follow up on our previous audits of APHIS' implementation of the Animal Welfare Act. We will also be continuing work begun in FY 1995 in the Veterinary Biologics Program. In FSIS we will continue our work assessing the steps that the agency is taking to overhaul the meat and poultry inspection system.

## **INVESTIGATIONS**

Investigations into threats to the health and safety of the public remain our highest priority. When threats to public health are identified, such as allegations of tampering with products regulated by the Department, we immediately begin work as part of a team of agencies to determine the extent of the problem, identify its cause, take corrective action, and seek criminal prosecution, if appropriate.

We coordinate continually with other agencies to guard against deliberate criminal acts that endanger public health and safety or cause economic harm to the public through misrepresentation of the quality of agricultural products. To carry out this function, we maintain formal agreements with AMS, FSIS, GIPSA, and APHIS, as well as the regulatory division of the Office of the General Counsel.

### **Food and Consumer Products**

We continue to be concerned both about health and safety cases (i.e., those involving potential sale or movement in interstate commerce of uninspected or adulterated products) and about economic impact cases (i.e., those involving potentially mislabeled, misrepresented, or substandard products offered for sale or moving in interstate commerce). Our commitment of investigative resources to these types of investigations (AMS and FSIS combined) is expected to remain at 7 percent in FY 1996.

### **Animal and Plant Health Protection**

We expect the percentage of staff workdays allocated to APHIS investigations to remain stable at 2 percent in FY 1996.



## ***FOREST SERVICE***

The Forest Service (FS) is responsible for applying sound conservation practices to the natural resources of the national forests and grasslands. The national forest system covers 191 million acres of public lands and is administered by the FS through 9 regional offices, 156 national forests, 617 ranger district offices, and 20 national grasslands located in 44 States, Puerto Rico, and the Virgin Islands. FS operational activities are numerous and diverse, encompassing the management of timber sales, fish and wildlife habitat enhancement, recreational sites, fire-fighting and protection, cooperation with State and local government and private forest landowners, and forest and rangeland research. The FY 1996 budget is estimated at \$3.2 billion, and timber sales and other receipts are estimated to be about \$1.2 billion.

### **AUDIT**

Our audit strategy concentrates on timber administration, including the appraisal process, timber exports, sale planning and preparation, and the bidding and payment process. We will also emphasize State and private forestry, National Environmental Policy Act (NEPA) activity, firefighting, and recreation.

In FY 1995 our audits covered State and private forestry grants, timber sale analysis requirements, the National Tree Trust Foundation, timber theft prevention controls, Federal excess property, and monitoring the development of the new ski area fee systems.

For FY 1996 we have planned audits of FS timber cubic measurement implementation and valuation methods, as well as timber sale planning and preparation. We also plan to audit research cooperative agreements, the funding of environmental assessments, and the financial management of the Working Capital Fund. Additional audit efforts are planned in the areas of range vegetation management, soil and water resource improvements, emergency firefighting cost controls, and the Recreation Homes Program.

### **INVESTIGATIONS**

In this strategy, we intend to investigate cases involving theft of Government property, as well as cases involving the FS' contracting for goods and services. We expect our efforts in the FS to remain at 2 percent in FY 1996.



## ***MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS***

This strategy brings together a wide range of agency programs and operations under a general concern for the protection of the environment and the abatement of any environmental hazards that result from practices in agriculture and forestry. Agricultural production is considered to be a major contributor to the Nation's pollution problems. The Department has adopted a comprehensive policy that guides efforts for correcting these problems and reducing future environmental damage from farming and forestry. It is estimated that in FY 1996, the USDA appropriation for environmental activities covered by this strategy will exceed \$230 million.

Agencies of the Federal Government are required to identify and remedy their noncompliance with Federal, State, and local standards for environmental quality. Noncompliance could include pollution from noise, pesticides, chemicals, and toxic and radioactive wastes. USDA operates over 21,000 buildings at more than 15,000 locations and controls nearly 193 million acres of land. Violations of Federal or State standards at Government-owned or operated facilities subject agencies to legal and administrative actions which may result in the criminal prosecution of Federal employees, the loss of program funds, or delayed projects.

USDA works with the U.S. Environmental Protection Agency to schedule problem areas for remedial action. These plans are coordinated and presented as a single funding item under the budget for departmental administration. Major areas of funding are associated with action to prevent and remedy environmental damage from active and abandoned mines on the public lands that are under the stewardship of USDA.

### **AUDIT**

Our strategy is to (1) review the Department's implementation of the Federal Facilities Compliance Act, (2) evaluate agency efforts to discover new and improved technologies that reduce environmental pollution and hazardous waste, and (3) assess the impact on the environment of major programs and assistance to the agricultural and forestry communities.

In FY 1995 we continued our review of the Department's compliance with Federal, State, and local environmental regulations affected by the management of active and abandoned mining sites on FS lands. We also resumed our review of the environmental compliance and employee safety issues related to agencies' management of hazardous biological materials.

In FY 1996 we will complete these audits and initiate work on agricultural chemicals and radioactive materials. We will conduct preliminary surveys on two agencies' environmental assessments to prepare for an audit of the Department's compliance with the National Environmental Protection Act.

## ***RESEARCH AND TECHNOLOGY TRANSFER***

USDA is the lead agency for the Federal investment in agricultural research and development and for programs that introduce new and improved technologies to the production, processing, and marketing of agricultural and forestry products.

The principal agencies of the Department's research and technology transfer effort are:

- the **Agricultural Research Service** (including the National Agricultural Library), which supports direct Federal research and provides information on new and improved technologies on problems of national impact in production, processing, and marketing of agricultural and forestry products;
- the **Cooperative State Research, Education, and Extension Service (CSREES)**, which administers the Federal partnership with the State Land Grant system and other public and private institutions for science capacity building, basic and applied research, and the dissemination of information and technology;
- the **Economic Research Service**, which provides economic and social science information and analysis for public and private decision-makers for improving agricultural profitability and the rural economy; and
- the **National Agricultural Statistical Service**, which is USDA's source for the collection and publication of the Nation's agricultural production statistics.

The FY 1996 budget for these agencies will exceed \$2 billion.

### **AUDIT**

For this strategy, our major audit objectives will be to (1) determine if the policies and processes of USDA research funding decisions comply with the standards and expectations of the National Agricultural Research, Teaching, and Extension Policy Act; (2) determine if the research delivery systems are productive, economical, and represent the best science available; and (3) determine if current and appropriate technology is disseminated effectively to the farming and forestry communities.

In FY 1995 we concluded our review of the special discretionary authorities provided to the Department's research agencies to foster the Federal-State partnership in research, education, and teaching. Recommendations were made concerning controls over the appropriate use of these authorities and project management. We began two audits of projects funded through earmarked appropriations and initiated under the Special Grants Program. We also concluded our evaluation of the Higher Education Capacity Building Program for 1890 Land Grant Universities with recommendations for improving performance and financial accountability.

In FY 1996 we will complete our initial reviews of special grants projects and begin broader work on the use of this funding mechanism and the adequacy of agency procedures, controls, and management of the earmarked funds. We will also survey the CSREES-administered Competitive Grants and Research Facilities programs.



## ***PROCUREMENT AND CONTRACTS***

Procurement of goods and services to support agency operations within USDA exceeded \$3.6 billion in FY 1995. The range of procurement and contracting is broad and includes advisory and assistance services; purchases of meat, poultry, and fish; and printing and distribution of food stamp coupons. Governmentwide policy is provided by OMB's Office of Federal Procurement Policy. Within USDA, the Office of Operations provides oversight for departmental procurement and contracting functions. The National Finance Center performs the accounting and payment functions for most agency procurements.

### **AUDIT**

Our strategy covers all aspects of USDA's procurement operations: acquisition management and planning, identification of requirements, solicitation and selection of sources, contract awards, contract funding, and contract performance and administration.

During FY 1995 we performed audits of contracts to assist USDA contracting officers in the negotiation, administration, and settlement of USDA contracts and subcontracts. We also conducted two legislatively mandated reviews. The first, required by Title 31 U.S.C. Section 1352, reviewed the actions taken by the Department and selected USDA agencies to comply with the requirements and prohibitions related to lobbying for Federal awards. The second review, required by Title 31 U.S.C. Section 114(b), evaluated the management controls over contracts for advisory and assistance (CAAS) services, and the integrity of the data reported to the Federal Procurement Data System. The CAAS review will not be performed in FY 1996, since the requirement was eliminated by the Federal Acquisition Streamlining Act of 1994.

In FY 1995 we also completed an audit of the operations and maintenance contracts for the USDA Headquarters facilities, and we began an audit survey on the Department's progress in implementing the recommendations of the USDA Procurement Review Task Force. This latter audit will focus on the Department's progress in implementing procurement reforms in accordance with the goals of the National Performance Review on "Reinventing Government." This audit will also

focus on the implementation of the Commercial Credit Card and Third Party Draft procurement systems. During FY 1995 we also performed audits of some contractors operating under the 8(A) Program to ensure that the requirements of the program were being followed, and that the program was not being used to reach favored subcontractors.

In FY 1996 we will continue the legislatively-mandated audit of agency actions to comply with the requirements and prohibitions related to lobbying for Federal awards. We will be performing a review of implementation of value engineering by the Department's agencies in compliance with OMB Circular A-131. We will also be completing the procurement reform audit, and will perform or obtain, from the Defense Contract Audit Agency, audits of contract pricing proposals, incurred costs, and contractor claims for USDA agencies.

## ***ACCOUNTING AND FINANCIAL MANAGEMENT***

The Chief Financial Officers' (CFO) Act of 1990 designated USDA as part of the pilot program to prepare and audit financial statements beginning with the FY 1990 statements. The Government Management Reform Act (GMRA) of 1994 reduced the number of CFO Act requirements for agencies to submit audited financial statements to the OMB. Financial statements are now being prepared each year covering all departmental activities, including all revolving and trust funds and programs that perform substantial commercial functions.

In its FY 1994 financial statements, the Department reported assets of over \$144 billion and total liabilities of over \$119 billion. Six departmental agencies (CCC, FCIC, FmHA, FNS, FS, and REA/Rural Telephone Bank (RTB)) accounted for more than 97 percent of each of those totals. Other account balances in the FY 1994 financial statements included \$67 billion in net loans receivable, \$93 billion in long-term debt owed by USDA, and over \$8 billion in interest expense. The central accounting system and five other financial management systems in the Department (CCC, FCIC, FmHA, FNS, and REA/RTB) provided accounting control over all transactions processed in USDA. These systems also provide financial reports to agency managers as well as to non-departmental entities. The systems are maintained on large-scale computers at either the National Computer Center (NCC) or the Office of Chief Financial Officer's National Finance Center (OCFO/NFC).

### **AUDIT**

Our audit strategy encompasses the financial statements, as well as departmental cash management and debt collection, financial management systems, and the responsibilities of OCFO. OCFO provides leadership, expertise, coordination and evaluation in the development of Department and agency programs in financial management, accounting, Federal assistance, and performance measurements. OCFO also provides, through NFC, central accounting and administrative services for USDA agencies and over 30 other Federal departments and agencies outside USDA.



In FY 1995 we performed or provided oversight of audits of the CCC, FCIC, FmHA, FNS, FS, and REA/RTB, and consolidated USDA FY 1994 financial statements. We audited NFC's controls over systems certification, security, and modification; we performed a PCIE Review on the value of credit management techniques for guaranteed loans; and we monitored the USDA Financial Information System Vision and Strategy (FISVIS).

During the conduct of our CFO-related audits, we identified other audit issues that have since been included in this audit plan. The issues might not have been identified had it not been for the work we were doing on USDA's financial statements.

In FY 1996 we plan to audit the CCC, FCIC, FCS (formerly FNS), FS, Rural Economic and Community Development (RECD) agencies, RUS/RTB, and consolidated USDA financial statements for FY 1995. (Because of the USDA reorganization, FmHA, RDA, and REA will no longer function under their original names.) We also plan audits of USDA's working capital fund, NFC's general control review, NFC's manual payments, and IRS reporting by USDA agencies. Several surveys are planned, such as NFC's electronic data interchange, FS' working capital fund, debt management initiatives, and CFSA's core accounting system replacement initiatives. In addition, we will continue to monitor FISVIS.

Our efforts to work with and provide technical assistance to the Department in the area of accounting and financial management will continue into FY 1996. OIG is a member of the USDA Accounting Policy and Financial Statements Coordinating Committee; through this committee we provide our views and technical assistance to the working groups. We also meet with work teams, task forces, and review boards to deal with subjects on audit followup, cash management, cost accounting, credit reform, litigation tracking, Federal Managers' Financial Integrity Act, and USDA's FISVIS. We strive to become partners with the OCFO in order to improve operations. We coordinate with the OCFO on general control reviews and system audits, training, and the resolution of issues with OMB.



## ***INFORMATION RESOURCES MANAGEMENT***

USDA agencies continue to seek the most current, powerful, efficient, and economical automated resources to support their many diverse programs and administrative functions. These activities involve investments of millions of dollars annually (billions of dollars over the lives of the various individual information resources management (IRM) systems), and need continual management and audit oversight.

The major USDA mainframe processing facilities are located in the National Computer Center (NCC) in Kansas City, Missouri, with a satellite operation in Fort Collins, Colorado, and in the NFC in New Orleans, Louisiana. The NCC provides departmentwide processing, storage, telecommunications, and applications development services. The NFC operates centralized accounting, payroll/personnel, and administrative payment systems for USDA and more than 30 other Federal departments and agencies.

Of current major significance in USDA are

- Field Service Center Implementation project, a major effort to establish "one-stop" shopping in field offices by reorganizing programs and merging the goals and objectives of the Info Share Program, including procurement of IRM resources, for the farm, natural resources, and rural development agencies;
- Modernization of Administrative Processes (MAP), a program to develop and implement modern administrative processes used to manage the money, personnel, property, and information resources entrusted to USDA;
- Financial Information System Vision and Strategy (FISVIS), an effort to implement more efficient and effective financial management systems throughout USDA;
- Departmentwide Telecommunications planning for VOICE/LAN/WAN services throughout all USDA offices;
- Project 615, a FS project to replace its IRM hardware and software;
- strategic IRM planning;

- data sharing, data administration, and data management;
- IRM security; and
- various agency efforts to replace or upgrade automated systems and capabilities.

The major issues surrounding USDA's IRM activities continue to be the integrity of the planning and acquisition processes for these automated resources, the adequacy of security and control over IRM systems and resources, and the lack of integration of many disparate systems. This last issue raises concerns in the areas of telecommunications, the compatibility of hardware and software being acquired, and data sharing and administration.

## AUDIT

This strategy highlights USDA's significant investment in automated resources, the importance of careful planning to ensure that the resources acquired are needed and prudently obtained, and the importance of designing and implementing effective security and control measures.

In FY 1995 we completed audits of selected aspects of automated data processing security and controls at both the Office of Information Resources Management and NCC, and NCC's management of the Direct Access Storage Devices System. We evaluated the management and control of software at NCC Fort Collins and the workload and security at FCS' Minneapolis Computer Support Center. We also continued our monitoring of MAP, Info Share, and FISVIS initiatives.

In FY 1996 we will continue to monitor, as well as to initiate audits of, the Field Service Center Implementation, MAP, Info Share, and FISVIS projects. We will review security, control, and management of a variety of automation activities, such as systems development and enhancements, systems modification, application control and testing, and backup and recovery operations in CFSA, RECD, FS, and OCFO/NFC. Also planned is an audit of the general controls at NCC and the transaction processing and security features on the Purchased Commodity Information Management System at CFSA.

## ***EMPLOYEE INTEGRITY***

The integrity of USDA personnel is essential to maintain the public's confidence that tax dollars and resources are adequately protected. A myriad of laws, Executive Orders, and regulations prescribe what is expected of public servants before, during, and after Government employment. During employment, public servants are held to high ethical standards, including prohibitions against acceptance of gifts and gratuities, private compensation, and the appearance of a conflict of interest. Certain prohibitions also apply after an employee leaves the Government. For example, the Federal Procurement Policy Act (Title 41 U.S.C. 23) imposes a 2-year restriction prohibiting individuals from representing a contractor in the negotiation or performance of a contract if that individual was personally and substantially involved in either the negotiation or review and approval of that same contract as a Government representative.

### **INVESTIGATIONS**

The prompt investigation of allegations involving the integrity of USDA employees continues to be a high priority of the Department and of OIG. Employee misconduct most often involves allegations of conflict of interest, embezzlement, and bribery. We have made a significant commitment to ensure timely investigation of allegations of employee misconduct, in order that the agencies involved may proceed expeditiously with appropriate administrative action.

In addition to conducting investigations of criminal misconduct, OIG, in cooperation with the Office of Personnel, jointly conducts a 1-week training course for personnel specialists and other selected employees in USDA agencies. We teach students how to plan, conduct, and report on their own investigations. Graduates are designated by their agency as "Non-Criminal Misconduct Investigators" and are authorized to investigate allegations involving employees of their agencies. This program has allowed agencies to quickly investigate and resolve allegations which do not require the expertise of a criminal investigator. As a result, expenditure of OIG resources on misconduct matters is more focused, efficient, productive, and effective.

We intend to continue our commitment to employee integrity investigations by spending 7 percent of investigative time in this area.



## ***PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY***

The Program Compliance, Economy, and Efficiency strategy includes all programs and activities not included in other strategic areas. It includes special requests, audit followup, single audits of State and local governments, and the quality of audits performed by non-Federal auditors. It also includes audits and investigations of organizations such as the Natural Resources Conservation Service (NRCS) and National Agricultural Statistics Service, when the audit area is not included in another strategy.

### **AUDIT**

During any year, issues develop which we cannot anticipate during the planning process. These issues usually develop from Secretarial, agency, congressional, or OIG concerns regarding fraud, waste, or abuse. In order to respond to these concerns, OIG reserves time for any unanticipated requests.

We also set aside time in our plan to monitor the management decisions made for audit recommendations presented in our audit reports. The purpose of management decisions is to ensure that we and the auditee agree on the actions to be taken to correct deficiencies. Once we agree with the management decision, management is responsible for implementing final actions. Final actions are monitored and tracked by OCFO.

Our FY 1996 plan includes time for ensuring the quality of audits performed by non-Federal auditors in accordance with OMB Circulars A-128 and A-133, as well as those submitted to USDA agencies under program-specific requirements. When substandard audit work is identified, we refer the independent auditor to the State Board of Licensing Authorities and the American Institute of Certified Public Accountants.

In NRCS, for FY 1996, we will evaluate farmer compliance with wetland laws and land eligibility determinations for the Conservation Reserve Program.



***APPENDIX II***

***MAJOR AUDITS PLANNED FOR  
FISCAL YEAR 1996***



## ***MAJOR AUDITS PLANNED FOR FISCAL YEAR 1996***

---

Below are brief descriptions of major audits planned for FY 1996. A complete listing of audits planned for the upcoming year is provided in appendix III.

<b>NATURAL RESOURCES AND ENVIRONMENT</b>
--

### **Forest Service (FS)**

**TITLE:** FY 1995 FS Financial Statements

**OBJECTIVE(S):** Determine if FS financial statements are prepared fairly in accordance with generally accepted accounting principles, internal accounting controls are adequate, and FS complies with applicable laws and regulations.

**TITLE:** Range Vegetation Management Program

**OBJECTIVE(S):** Determine the adequacy of the range management system to ensure compliance with permit and grazing requirements.

**TITLE:** Working Capital Fund - Computer Services

**OBJECTIVE(S):** Evaluate financial management controls over the financing and capitalization of new systems, deletion of old systems, rate making, and financial reporting.

**TITLE:** Timber Sale Appraisals

**OBJECTIVE(S):** Evaluate the adequacy of controls used to establish reasonable and equitable values for timber, which include the conversion from residual value to transaction methods.

**TITLE:** Timber Sale Planning and Preparation

**OBJECTIVE(S):** Determine if controls over the timber sale planning and preparation are adequate. Evaluate the controls over the National Timber Cruise Program.

**TITLE:** Emergency Firefighting Cost Controls

**OBJECTIVE(S):** Evaluate the adequacy of controls to contain emergency firefighting costs. Evaluate the preparation of line officers engaged in emergency firefighting.

**TITLE:** Log Exports

**OBJECTIVE(S):** Determine whether FS' new log export regulations are adequate and if controls are effective to prevent the unlawful export of unprocessed Federal timber.

**TITLE:** Working Capital Fund - Fleet Management

**OBJECTIVE(S):** Review and evaluate the reasonableness and propriety of the working capital fund for fleet management in terms of rate making, funds management, and asset management.

**Natural Resources Conservation Service (NRCS)**

**TITLE:** Conservation Reserve Program - Land Eligibility Determinations

**OBJECTIVE(S):** Evaluate the adequacy of controls for the eligibility of land entered into the Conservation Reserve Program.

**TITLE:** Plant Material Centers

**OBJECTIVE(S):** Determine if the plant material centers are providing services needed by the public, are in competition with similar services available in the private sector, or are duplicating work being done at other locations.

**TITLE:** Wetlands Inventory and Compliance Determinations

**OBJECTIVE(S):** Evaluate the controls to identify and certify wetlands the controls to determine producer compliance relative to the preservation of wetlands.



## **FARM AND FOREIGN AGRICULTURAL SERVICES**

### **Consolidated Farm Service Agency (CFSA)**

**TITLE:** CFSA Streamlining Efforts

**OBJECTIVE(S):** Evaluate the effectiveness of CFSA in streamlining farm services and providing for administrative efficiencies, reduced overhead, and improved services to farmers.

**TITLE:** Evaluation of 1995 Farm Bill Provisions

**OBJECTIVE(S):** Evaluate provisions of the 1995 Farm Bill and identify issues which may need immediate or future audit coverage.

**TITLE:** Monitoring of Core Accounting System Initiative

**OBJECTIVE(S):** Determine if the core accounting system will provide a single integrated Financial Management Information System. Also, determine if agency reorganization will delay timely completion of the system development initiative.

**TITLE:** FY 1995 CCC Financial Statements

**OBJECTIVE(S):** Determine if CCC's financial statements are presented properly in all material aspects in accordance with generally accepted accounting principles, internal accounting controls are adequate, and CCC complies with applicable laws and regulations.

**TITLE:** FY 1995 FCIC Financial Statements

**OBJECTIVE(S):** Determine if FCIC's financial statements are presented in accordance with a comprehensive basis of accounting approved by OMB, internal accounting controls are adequate, and FCIC complies with laws and regulations.

**TITLE:** Guaranteed Farmer Program Loans

**OBJECTIVE(S):** Evaluate CFSA policies and procedures regarding borrower eligibility for guaranteed farm operating and ownership loans. Determine if loans are being made to eligible borrowers and if interest rates are comparable to similar loans.

**TITLE:** End Use Certificate Program

**OBJECTIVE(S):** Determine if sufficient, reliable, and effective management controls have been implemented over the End Use Certificate Program as required by the North American Free Trade Act.

**TITLE:** County Office Operations

**OBJECTIVE(S):** Assess farmer compliance with CFSA programs at the county level to identify areas of fraud, waste, and abuse.

**TITLE:** Delinquent Farmer Program Loan Resolutions

**OBJECTIVE(S):** Evaluate the reorganization and restructuring of loan resolution activities. Evaluate and assess the propriety and effectiveness of the reassigned loan resolution process.

**TITLE:** Crop Year 1995 CAT Claims

**OBJECTIVE(S):** Determine propriety of crop year 1995 catastrophic (CAT) claims by verifying claim data with insureds, landlords, elevators, USDA records, etc.

**TITLE:** Crop Year 1995 NAP Payments

**OBJECTIVE(S):** Determine propriety of 1995 Noninsured Assistance Program (NAP) payments by sampling NAP claims within selected disaster areas designated for NAP.

#### **Foreign Agricultural Service (FAS)**

**TITLE:** Market Promotion Program - Third Party Reimbursements and Contributions

**OBJECTIVE(S):** Assess the adequacy of internal management controls over the reimbursement process and contribution requirements.

**TITLE:** Internal Controls Over Foreign Agricultural Offices

**OBJECTIVE(S):** Determine if controls are adequate to prevent fraud, waste, and abuse in foreign agricultural offices.

**TITLE:** Commodity Reporting by Agricultural Attaches

**OBJECTIVE(S):** Determine the usefulness and effectiveness of commodity reporting by agricultural attaches for FY's 1994 and 1995.

**TITLE:** Emerging Democracies

**OBJECTIVE(S):** Evaluate the effectiveness of technical assistance provided to emerging democracies. As required by legislation, audit results will be reported to the Coordinators Office for the Newly Independent States at the U.S. Department of State.

## **RURAL ECONOMIC AND COMMUNITY DEVELOPMENT**

### **Rural Utilities Service (RUS)**

**TITLE:** FY 1995 RUS/RTB Financial Statements

**OBJECTIVE(S):** Determine if agency financial statements are presented in accordance with a comprehensive basis of accounting approved by OMB, internal accounting controls are adequate, and agency complies with laws and regulations.

**TITLE:** Eligibility of Water and Waste Loans and Grants

**OBJECTIVE(S):** Determine if the agency is conducting adequate tests for commercial credit elsewhere.

**TITLE:** Review of the Rural Electrification Restructuring Act of 1993

**OBJECTIVE(S):** Determine if the loanmaking criteria promulgated by RUS adequately encompasses financial strength characteristics and is functioning as prescribed.

### **Rural Housing and Community Development Service (RHCDS)**

**TITLE:** Rural Rental Housing (RRH) Overview

**OBJECTIVE(S):** Provide a comprehensive report of program weaknesses, agency corrective actions, and legislative regulatory changes recommended by prior OIG audits.

**TITLE:** Management of RRH Projects

**OBJECTIVE(S):** Determine if management companies are operating projects in compliance with laws and regulations.

**TITLE:** Reasonableness of RRH Maintenance Costs

**OBJECTIVE(S):** Determine if maintenance costs, charged especially by identity of interest companies, are fair and reasonable for the services performed.

**TITLE:** RRH Rehabilitation Loans

**OBJECTIVE(S):** Determine if RHCDS has adequate controls to ensure that RRH Rehabilitation loan funds are used in accordance with program requirements with emphasis on tax credit ramifications.

### **Rural Business and Cooperative Development Service (RBCDS)**

**TITLE:** Revised Business and Industrial Loan Procedures

**OBJECTIVE(S):** Evaluate the revised procedures which are intended to reduce requirements imposed on lenders and borrowers by the agency.

**TITLE:** Empowerment Zones - Enterprise Communities

**OBJECTIVE(S):** Determine if the Empowerment Zone/Enterprise Community initiative is fulfilling its legislated mission (rebuilding America's rural communities). Determine if obligated funds are being used in accordance with grant agreements.



## FOOD, NUTRITION, AND CONSUMER SERVICES

### Food and Consumer Service (FCS)

- TITLE:** Food Stamp Program - Tennessee's ADP Conversion
- OBJECTIVE(S):** Evaluate management controls over Tennessee's FSP since conversion to a new statewide ADP system. Also determine the effectiveness of ADP system implementation in reducing quality control error rates.
- TITLE:** Reinvestment of Food Stamp Penalties
- OBJECTIVE(S):** Evaluate FCS management controls over reinvestment of funds by States during FY's 1993 to present to reduce error rates in the FSP. Specifically, determine whether reinvestment expenditures were accounted for separately from matching funds.
- TITLE:** NSLP - Meal Accountability - Wisconsin
- OBJECTIVE(S):** Evaluate (1) controls over the administration of the school lunch program; (2) procedures for collections and accounting for reimbursed meals; (3) controls to assure that recipients of free and reduced price meals meet eligibility requirements; (4) whether claims for reimbursement were accurate; and (5) FCS and State agency reviews of school food authorities.
- TITLE:** Accountability for USDA Commodities by Multi-State Food Processors
- OBJECTIVE(S):** Determine whether sufficient controls are in place to properly account for the inventory and usage of donated foods.
- TITLE:** Establishment and Collection of Food Stamp Claims
- OBJECTIVE(S):** Determine whether FCS has adequate controls to ensure that States have properly established recipient claims, are actually pursuing the collection of these claims, and have taken appropriate actions to disqualify intentional program violators.

**TITLE:** WIC Program - Eligibility of Participants

**OBJECTIVE(S):** Evaluate FCS' procedures and controls for making eligibility determinations for WIC program participants.

**TITLE:** National School Lunch Program - Food Service Management Companies

**OBJECTIVE(S):** Determine if contracts awarded to food service management companies adhered to Federal and State regulations, and if costs charged by companies were reasonable and allowable in accordance with the provisions of the contract.

**TITLE:** Food Stamp Program - Store Tracking and Redemption Subsystem

**OBJECTIVE(S):** Determine the extent of problems with FCS' redesigned retailer monitoring systems intended to detect food stamp trafficking and other violations.

**TITLE:** FY 1995 FCS Financial Statements

**OBJECTIVE(S):** Determine if FCS financial statements are prepared fairly in accordance with generally accepted accounting principles, internal accounting controls are adequate, and FCS complies with applicable laws and regulations.

**TITLE:** Food Stamp Administrative Cost - NER

**OBJECTIVE(S):** Review propriety of FSP administrative costs claimed by State agencies.

**TITLE:** Strategic Monitoring of EBT Systems

**OBJECTIVE(S):** Monitor the development and implementation of EBT technology for the FSP, both near- and long-term initiatives.

**TITLE:** NYC Summer Food Service Program

**OBJECTIVE(S):** Review management and operation of the Summer Food Service Program in New York City, New York.

**TITLE:** Disposition of Processed Commodities

**OBJECTIVE(S):** Determine if processed commodities inventories are properly managed to ensure commodities are disposed of in a timely manner.

**TITLE:** WIC Administrative Costs - California

**OBJECTIVE(S):** Evaluate the adequacy of FCS and State agency administrative and accounting controls over WIC administrative costs in the State of California.

**TITLE:** Dietary Guidelines

**OBJECTIVE(S):** Review FCS' implementation of dietary guidelines at school and child care providers. Review the need to provide the increased technical equipment and computer equipment support to school districts to implement dietary guidelines.

<b>FOOD SAFETY</b>
--------------------

**Food Safety and Inspection Service (FSIS)**

**TITLE:** Progressive Enforcement Action Process

**OBJECTIVE(S):** Review the progressive enforcement action process which creates an environment in which the establishment's management achieves and maintains acceptable operating practices.

**TITLE:** Meat and Poultry Inspection Program

**OBJECTIVE(S):** Evaluate FSIS' management of the current inspection system, and evaluate its progress in implementing new inspection procedures.

**TITLE:** Review of the Compliance Program

**OBJECTIVE(S):** Review the compliance program of meat and poultry inspection operations to determine its effectiveness.

**TITLE:** Imported Meat Process

**OBJECTIVE(S):** Follow up on our prior audit to determine if recommendations have been implemented, placing specific emphasis on the Foreign Country Residue Program and accountability over export certificates. Ensure internal control procedures are in place and functioning as prescribed.

**TITLE:** Review and Assessment Division Operations

**OBJECTIVE(S):** Determine if the Review and Assessment Division and reorganized staff are identifying deficient plants for systematic reviews.

<b>RESEARCH, EDUCATION, AND ECONOMICS</b>
---

**Cooperative State Research, Education, and Extension Service (CSREES)**

**TITLE:** Facilities Construction Grants

**OBJECTIVE(S):** Determine if specifically earmarked building and facilities funds are being awarded as approved by Congress and used to carry out the agricultural research programs of USDA.

**TITLE:** Competitive Research Grants Award Processes

**OBJECTIVE(S):** Evaluate agency procedures and the peer review process for awarding competitive grants with special emphasis on non-traditional recipients.

**TITLE:** Special Grants Program

**OBJECTIVE(S):** Review CSREES administration of special grants for assessing the adequacy of controls and compliance with regulations.



## **MARKETING AND REGULATORY PROGRAMS**

### **Agricultural Marketing Service (AMS)**

**TITLE:** Cotton Classing

**OBJECTIVE(S):** Survey AMS cotton classing (grading) process and an ongoing pilot classing project.

**TITLE:** Dairy Plant Inspection Activities

**OBJECTIVE(S):** Determine whether AMS' dairy plant inspection activities ensure that dairy plants are operating under sanitary guidelines.

**TITLE:** Evaluation of Dairy Management, Inc., Operations

**OBJECTIVE(S):** Assess the cost-effectiveness of Dairy Management, Inc., in carrying out administrative functions. Determine if producers' checkoff funds are being used for authorized purposes.

**TITLE:** Controls Over AMS Investment Program

**OBJECTIVE(S):** Evaluate the changes in AMS procedures and investment portfolio to ensure that funds are adequately accounted for and protected.

### **Animal and Plant Health Inspection Service (APHIS)**

**TITLE:** Veterinary Biologics Program

**OBJECTIVE(S):** Assess whether APHIS' Veterinary Biologics Program prevents unsafe and impotent products, application and licensing procedures are effective and comply with relevant laws, and that appropriate user fees offset service costs.

**TITLE:** Controls Over Cooperative Agreements

**OBJECTIVE(S):** Evaluate APHIS' management controls to ensure that States are in compliance with cooperative agreements for preventing or reducing the spread of diseases or pests.

**TITLE:** Licensing of Animal Exhibitors

**OBJECTIVE(S):** Evaluate APHIS' monitoring and oversight of animal exhibitors, including licensing procedures and actions taken when facilities are found out of compliance with the Animal Welfare Act.

**Grain Inspection, Packers and Stockyards Administration (GIPSA)**

**TITLE:** Oversight Provisions - Packers and Stockyards Act

**OBJECTIVE(S):** Evaluate management controls to ensure prompt and accurate payments, controls over weight and scale testing requirements, reliability of financial information disclosed by the industry, and the effectiveness of training of weight and scale examiners.

<b>OFFICE OF THE CHIEF FINANCIAL OFFICER</b>
--

**TITLE:** USDA Working Capital Fund Operations

**OBJECTIVE(S):** Evaluate the efficiency and effectiveness of departmental working capital fund (WCF) operations. This will include evaluating the viability of selected WCF activities and the billing and collection procedures for selected activities.

**TITLE:** FY 1995 NFC General Controls Review

**OBJECTIVE(S):** Determine if general controls at the NFC provide reasonable assurance that data is processed properly.

**TITLE:** NFC Manual Payments

**OBJECTIVE(S):** Evaluate controls over manual payroll and administrative payments. Determine compliance with regulations and procedures for manual payments. Evaluate recertification procedures to issue replacements for lost checks.

## **MULTIPLE AGENCY AUDITS**

- TITLE:** Department's Management of the Use of Agricultural Chemicals
- OBJECTIVE(S):** Determine what agencies are doing in regard to data collection and analysis, problem analysis, research and technology transfer activities associated with agricultural chemicals, their alternatives, and impact on the environment.
- TITLE:** Implementation of the North American Free Trade Act Provisions
- OBJECTIVE(S):** Assess actions taken by USDA agencies in implementing the agricultural provisions of the North American Free Trade Act. Identify areas needing future audit coverage.
- TITLE:** Radioactive Material and Waste Management
- OBJECTIVE(S):** Assess the Department's and individual agencies' control systems for ensuring facility compliance with Federal and State requirements for handling, storing, and disposing of radioactive waste.
- TITLE:** Biological Material and Waste Management
- OBJECTIVE(S):** Assess the Department's and individual agencies' control systems for ensuring facility compliance with Federal and State requirements for handling, storing, and disposing of biological wastes.
- TITLE:** IRS Reporting
- OBJECTIVE(S):** Assess the adequacy of the Department's and agencies' control systems for ensuring compliance with Federal requirements for reporting of program income (e.g., program payments, debt writeoff, interest expense, etc.) to IRS.
- TITLE:** Meat and Poultry Inspection Traceback
- OBJECTIVE(S):** Continue work to determine whether USDA has procedures to trace back meat and poultry and, if not, determine whether it is practical to develop such procedures. If procedures are in place, review them for compliance and effectiveness.

**TITLE:** National Appeals Division (NAD) Decisions

**OBJECTIVE(S):** Evaluate the appeals process, including agency adverse determinations that have been presented to NAD and NAD hearing officers' decisions.

**TITLE:** FY 1995 USDA Financial Statements

**OBJECTIVE(S):** Determine if USDA's consolidated financial statements are presented fairly in all material aspects in accordance with prescribed accounting policies, including proper elimination of all interagency transactions and proper conversion of all agencies to accrual accounting. Also determine if the Department's internal control structure is adequate, and if USDA complies with laws and regulations in all material aspects for the items reviewed.

**TITLE:** FY 1995 RECD Financial Statements

**OBJECTIVE(S):** Determine if RECD's financial statements are presented fairly in all material respects in accordance with prescribed accounting principles, if RECD complies with laws and regulations in all material respects for the items reviewed, and if RECD's internal accounting controls are adequate.

**TITLE:** Monitoring the Financial Information System Vision and Strategy (FISVIS)

**OBJECTIVE(S):** Continue our work to determine if FISVIS will provide a single, integrated USDA financial management system within a reasonable timeframe and at a reasonable cost.

**TITLE:** Monitoring the Department's Reorganization

**OBJECTIVE(S):** Determine if agencies are moving forward with the Department's reorganization in a timely manner. Determine if duplicative functions are being identified and eliminated.

**TITLE:** Security and Control of Sensitive Systems

**OBJECTIVE(S):** Evaluate the security controls implemented over sensitive systems. Determine whether agencies have performed a certification of the adequacy of security safeguards of sensitive computer applications.



**TITLE:** Verification of Data Input into NFC Payroll/Personnel System

**OBJECTIVE(S):** Perform a nationwide review of agency input controls over OCFO/NFC Payroll/Personnel Systems. Identify security vulnerabilities and develop cases where data in the system changed without proper support or authorization.

**TITLE:** Monitoring of Field Service Center Implementation

**OBJECTIVE(S):** Monitor the implementation of the Field Service Centers, concentrating on IRM, business process reengineering, change management, and concept of operations.

**TITLE:** Monitoring of MAP (Modernization of Administration Process)

**OBJECTIVE(S):** Establish and maintain familiarity with the MAP project during the development of near- and long-term initiatives, and determine if OCFO/NFC is making progress toward meeting established timeframes and cost estimates.

**TITLE:** Effectiveness of Controls Over Program Payments Made to CFSA Employees

**OBJECTIVE(S):** Assess the effectiveness of controls over program payments made to CFSA employees. Determine whether payments were properly authorized and supported. Test related activities for other areas of vulnerability.



***APPENDIX III***

***FISCAL YEAR 1996  
AUDITS PLANNED***





## ***FISCAL YEAR 1996 AUDITS PLANNED***

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
AMS	FRUIT AND VEGETABLE SHIPPING POINT INSPECTION IN FL	AT	SER	100
	COTTON CLASSING	AT	SER	125
	DAIRY PLANT INSPECTION ACTIVITIES	CH	MWR	75
	CERTIFICATION OF PROCESSED COMMODITIES	CH	MWR	400
	POULTRY GRADING OPERATIONS	CH	MWR	50
*	EVALUATION OF DAIRY MANAGEMENT, INC., OPERATIONS	CH	MWR	150
	MEAT GRADING AND CERTIFICATION BRANCH	CH	MWR	100
	CONTROLS OVER AMS INVESTMENT PROGRAM	HY	NER	50
	AUDIT PROGRAM FOR MARKETING ORDER COMMITTEES	SF	WR	25
	AUDIT STANDARDS-MARKETING ORDER COMMITTEES	SF	WR	100
	AUDIT MANAGEMENT AND LIAISON	ALL		392
	<b>SUBTOTAL 1567</b>			
APHIS	NATIONAL POULTRY IMPROVEMENT PLAN SE TESTING AND PROGRAM MONITORING	AT	SER	100
	VETERINARY BIOLOGICS PROGRAM	AT	SER	100
	CONTROLS OVER COOPERATIVE AGREEMENTS	CH	MWR	150
*	LICENSING OF ANIMAL EXHIBITORS	CH	MWR	60
	ACCOUNTING CONTROLS AT APHIS	FM	FMS	50
	DISPOSAL OF HAZARDOUS MATERIALS AT APHIS ADC FACILITIES	HY	NER	200
	QUARANTINE CONTROLS OVER EXOTIC BIRDS	HY	NER	50
	AUDIT MANAGEMENT AND LIAISON	ALL		237
	<b>SUBTOTAL 947</b>			
CFSA	* ESTABLISHING PRICE AND YIELD DATA FOR NONPROGRAM CROP DISASTER PAYMENTS	AT	SER	100
	CROP INSURANCE FOR NURSERIES	AT	SER	125
*	CFSA STREAMLINING EFFORTS	AT	SER	150
	TOBACCO ASSESSMENTS ON IMPORTED TOBACCO	AT	SER	100
	COMPLIANCE WITH TREE ASSISTANCE PROGRAM REQUIREMENTS-DADE COUNTY, FL	AT	SER	200
	DEFICIENCY PAYMENTS FOR HYBRID AND CERTIFIED SEEDS	CH	MWR	100
	EVALUATION OF 1995 FARM BILL PROVISIONS	FM	FMS/SER MWR GPR WR SWR	250
	MONITORING OF CORE ACCOUNTING SYSTEM INITIATIVE	FM	FMS	50
	NEW PROVISIONS UNDER THE 1995 STANDARD REINSURANCE AGREEMENT (SRA)	FM	FMS	50
	FINANCIAL PROVISIONS IN THE 1996 SRA	FM	FMS	50
	FY 1995 CCC FINANCIAL STATEMENTS	FM	FMS/NER	950
	FY 1996 CCC FINANCIAL STATEMENTS	FM	FMS/NER SWR	625
	FY 1995 FCIC FINANCIAL STATEMENTS	FM	FMS	50
	FY 1996 FCIC FINANCIAL STATEMENTS	FM	FMS	25
	CONSERVATION RESERVE PROGRAM MODIFICATIONS	KC	GPR	75
	SERVICING NEWLY DELINQUENT FARMER PROGRAM LOANS	KC	GPR	100
	IMPLEMENTATION OF THE BEGINNING FARMER PROGRAM	KC	GPR	100

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
CFSA	SECURITY FOR FARMER PROGRAM LOANS	KC	GPR	150
	EFFECTIVENESS OF PAYMENT LIMITATION CONTROLS	KC	GPR	150
	ADMINISTRATION OF PAYMENT LIMITATION PROVISIONS	KC	GPR	150
	CRP PAYMENT LIMITATION ACTIVITIES	KC	GPR	100
	METHODS USED TO DETERMINE CROP PRODUCTION	KC	GPR	25
	LARGE OPERATOR COMPLIANCE WITH PAYMENT LIMITATION PROVISIONS	KC	GPR	25
	MANAGEMENT OF ACQUIRED FARM PROPERTY	KC	GPR	100
	EVALUATION OF STATE WAREHOUSE EXAMINATIONS AND KCCO OVERSIGHT ACTIVITIES	KC	GPR	200
	EFFECTIVENESS OF QUALITY CONTROL REVIEWS FOR PRODUCTION APPRAISALS	KC	GPR	75
	GRAIN WAREHOUSE EXAMINATION PROCESS	KC	GPR	100
	VOLUNTARY PRODUCTION LIMITATION PROGRAM	KC	GPR	100
	CROP INSURANCE RISK AREA AND RATE ESTABLISHMENT	KC	GPR	75
	CONSERVATION RESERVE PROGRAM	KC	GPR	75
	GUARANTEED FARMER PROGRAM LOANS	KC	GPR	155
	END USE CERTIFICATE PROGRAM	KC	GPR	100
	EMERGENCY CONSERVATION PROGRAM PAYMENTS	TE	SWR	200
	COUNTY OFFICE OPERATIONS	TE	SWR/MWR NER GPR WR	1050
	WOOL AND MOHAIR PAYMENT LIMITATION	TE	SWR	150
	LOANS TO RICE COOPERATIVES	TE	SWR	75
	SECURITY FOR RESTRUCTURED FARMER PROGRAM LOAN ACCOUNTS	TE	SWR	100
	WOOL AND MOHAIR PRODUCERS/BUYERS	TE	SWR	50
	EMERGENCY FEED PROGRAM	TE	SWR/GPR WR	550
	* LOAN MEDIATION PROGRAM	TE	SWR	125
	* DELINQUENT FARMER PROGRAM LOAN RESOLUTIONS	TE	SWR	200
	* FEASIBILITY OF OPERATIONS APPROVED FOR FARMER PROGRAM LOANS	TE	SWR	100
	SUSPENDED GOVERNMENTWIDE DEBARMENT	TE	SWR	75
	ABUSE OF PAYMENT LIMITATION AND FEDERAL CROP INSURANCE IN AR	TE	SWR	150
	PREHARVEST INSPECTION-SELECT AR PRODUCERS	TE	SWR	40
	CROP YEAR 1995 CAT CLAIMS	TE	SWR/SER MWR NER GPR WR	1100
	CROP YEAR 1995 NAP PAYMENTS	TE	SWR/SER MWR NER GPR WR	950
	LIMITATION ON ASSISTANCE TO BORROWERS	TE	SWR	50
	ACTUAL PRODUCTION HISTORY PROGRAM	TE	SWR	75
	* EVALUATION OF FARMER PROGRAM LOANS IN TX	TE	SWR	50
	SUBSEQUENT LOANS TO NET RECOVERY BUYOUT BORROWERS	TE	SWR	50
	1994 DISASTER ASSISTANCE PROGRAM	TE	SWR/SER MWR NER GPR WR	900
	AUDIT MANAGEMENT AND LIAISON	ALL		3576
	<b>SUBTOTAL 14296</b>			
CSREES	FACILITIES CONSTRUCTION GRANTS	AT	SER	50
	COMPETITIVE RESEARCH GRANTS AWARD PROCESS	AT	SER	100
	SPECIAL GRANTS PROGRAMS	HY	NER	150
	AUDIT MANAGEMENT AND LIAISON	ALL		100
	<b>SUBTOTAL 400</b>			
FAS	ICD AND ITS MISSION	AT	SER	100
	MPP-3RD PARTY REIMBURSEMENTS AND CONTRIBUTIONS	HY	NER	150
	P.L. 480 PROGRAM MANAGEMENT	HY	NER	100
	FOLLOWUP SUGAR RE-EXPORT PROGRAM	HY	NER	100
	INTERNAL CONTROLS OVER FOREIGN AGRICULTURAL OFFICES	HY	NER	200

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FAS	COMMODITY ORIGIN FOR EXPORT PROGRAMS	HY	NER	100
	COMMODITY REPORTING BY AGRICULTURAL ATTACHES	HY	NER	50
	REVIEW OF GOV'T AND MEAT CHECKOFF FUNDS USED BY NON-PROFIT MRKT PROMOTION ORGANIZATION	KC	GPR	75
	EMERGING DEMOCRACIES	TE	SWR	175
	AUDIT MANAGEMENT AND LIAISON	ALL		350
	<b>SUBTOTAL 1400</b>			
FCS	FOOD STAMP PROGRAM, TN-ADP CONVERSION	AT	SER	225
	REINVESTMENT OF FOOD STAMP PENALTIES	AT	SER/MWR NER WR SWR	500
	EMPLOYMENT AND TRAINING ACT	AT	SER	50
*	FOOD STAMP ADMINISTRATIVE COST	AT	SER	150
	NSLP-MEAL ACCOUNTABILITY-WI	CH	MWR	150
	ACCOUNTABILITY FOR USDA COMMODITIES BY MULTI- STATE FOOD PROCESSORS	CH	MWR/SER NER	550
	ESTABLISHMENT AND COLLECTION OF FOOD STAMP CLAIMS	CH	MWR/GPR	225
	WIC PROGRAM-ELIGIBILITY OF PARTICIPANTS	CH	MWR	100
	NSLP-FOOD SERVICE MANAGEMENT COMPANIES	CH	MWR/NER WR	425
	FSP-BANK ONE, INDIANAPOLIS, IN	CH	MWR	50
	FOOD STAMP PROGRAM-STORE TRACKING AND REDEMPTION SUBSYSTEM	CH	MWR	800
	FY 1995 FCS FINANCIAL STATEMENTS	HY	NER/SER MWR GPR WR SWR	1310
	FY 1996 FCS FINANCIAL STATEMENTS	HY	NER/SER MWR GPR WR SWR	1990
	FOOD STAMP ADMINISTRATIVE COST-NER	HY	NER	250
	FOLLOWUP-NEW YORK CITY'S CERTIFICATION OF FOOD STAMP RECIPIENTS	HY	NER	250
	CHILD AND ADULT CARE FOOD PROGRAM IN VA	HY	NER	120
	CONTROLS OVER FOOD INSTRUMENTS AND VENDOR MONITORING, PUERTO RICO-WIC	HY	NER	200
	PUERTO RICO-NATIONAL SCHOOL LUNCH PROGRAM	HY	NER	200
	STRATEGIC MONITORING OF EBT SYSTEMS	HY	NER/ALL REGIONS	1550
	CONTINUED MONITORING OF EBT IMPLEMENTATION	HY	NER/SER MWR FMS SWR	875
	REVIEW OF REDEMPTION ACCOUNTABILITY PROGRAM (RAP)	HY	NER	100
	NYC SUMMER FOOD SERVICE PROGRAM	HY	NER	200
	VIRGIN ISLANDS FOOD STAMP PROGRAM OPERATIONS	HY	NER	200
	DISPOSITION OF PROCESSED COMMODITIES	KC	GPR	75
	DISTRIBUTION OF WIC FUNDING	KC	GPR	25
	FOOD STAMP PROGRAM-CROSS STATE MATCH	KC	GPR/MWR	350
	FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (FDPIR)-ELIGIBILITY AND COMMODITY STORAGE	KC	GPR	200
	ADMINISTRATION OF THE NE FOOD STAMP PROGRAM	KC	GPR	100
	WIC ADMINISTRATIVE COSTS-CA	SF	WR	125
	FCS PROGRAMS-GUAM	SF	WR	150
	NON-PROFIT SPONSORS IN CCFP	SF	WR	100
	FCS BENEFITS TO NON-RESIDENTS	SF	WR	100
	SUMMER FOOD SERVICE PROGRAM-CA	SF	WR	100
	CHILD AND ADULT CARE FOOD PROGRAM	TE	SWR	100
	USE OF THE SSN IN THE FSP TO DETECT MULTIPLE OR FRAUDULENT PARTICIPATION	TE	SWR	150
	FSP-RECERTIFICATION PROCEDURES	TE	SWR	50
	DIETARY GUIDELINES	TE	SWR	50
	AUDIT MANAGEMENT AND LIAISON	ALL		4051
	<b>SUBTOTAL 16196</b>			



AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FS	TIMBER SALE ANALYSIS REQUIREMENTS	AT	SER	50
	* TIMBER SALE ANALYSIS AND CLEAR CUT POLICY	AT	SER	70
	FY 1995 FS FINANCIAL STATEMENTS	AT	SER/MWR NER GPR WR SWR	1590
	FY 1996 FS FINANCIAL STATEMENTS	AT	SER/MWR NER GPR WR SWR	1200
	REIMBURSABLE AGREEMENTS	AT	SER	100
	GORDZILLA SYSTEM	AT	SER	100
	TIMBER MEASUREMENT	AT	SER	50
	FOREST SERVICE REGION 2 APPLICATIONS DEVELOPMENT PROJECT MANAGEMENT	FM	FMS	75
	FS IRM ACTIVITIES	FM	FMS	25
	SOIL AND WATER RESOURCE IMPROVEMENTS IN THE NATIONAL FORESTS	KC	GPR	50
	RANGE VEGETATION MANAGEMENT PROGRAM	KC	GPR	50
	RESEARCH COOPERATIVE AGREEMENTS	SF	WR	200
	STATE AND PRIVATE FORESTRY GRANTS	SF	WR/SER NER	250
	SUMMER RESORT CONCESSIONS	SF	WR	100
	WORKING CAPITAL FUND-NURSERY AND SEED SUPPLY	SF	WR	200
	WORKING CAPITAL FUND-COMPUTER SERVICES	SF	WR	250
	NATIONAL FOREST COST-SHARE AGREEMENTS	SF	WR	75
	TIMBER SALE APPRAISALS	SF	WR	100
	TIMBER SALE PLANNING AND PREPARATION	SF	WR	100
	EMERGENCY FIREFIGHTING COST CONTROLS	SF	WR	200
	REVENUE ENHANCEMENT-FOREST PRODUCTS	SF	WR	100
	CULTURAL RESOURCE PROGRAM	SF	WR	75
	LOG EXPORTS	SF	WR	100
	WORKING CAPITAL FUND-FLEET MANAGEMENT	SF	WR	100
	FORESTRY TRAINING PROGRAM, SOUTHERN UNIVERSITY, BATON ROUGE, LA	TE	SWR	100
	STEWARDSHIP INCENTIVE PROGRAM	TE	SWR	50
	AUDIT MANAGEMENT AND LIAISON	ALL		1788
	<b>SUBTOTAL 7148</b>			
FSIS	* PROGRESSIVE ENFORCEMENT ACTION PROCESS	AT	SER	150
	* EXPORT INSPECTION COSTS	AT	SER	75
	* MEAT AND POULTRY INSPECTION PROGRAM	AT	SER	50
	COMPUTER PROGRAMS SUPPORTING THE MEAT AND POULTRY INSPECTION PROGRAM	AT	SER	125
	REVIEW OF COMPLIANCE PROGRAM	AT	SER	50
	IMPORTED MEAT PROCESS	HY	NER	150
	REVIEW AND ASSESSMENT DIVISION OPERATIONS	KC	GPR	100
	CONTROLS OVER EXPORT OF MEAT AND POULTRY PRODUCTS	TE	SWR	100
	AUDIT MANAGEMENT AND LIAISON	ALL		267
	<b>SUBTOTAL 1067</b>			
GIPSA	OVERSIGHT PROVISIONS-PACKERS AND STOCKYARDS ACT	SF	WR	480
	AUDIT MANAGEMENT AND LIAISON	ALL		160
	<b>SUBTOTAL 640</b>			
MULTI	* DEPARTMENT'S MANAGEMENT OF THE USE OF AGRICULTURAL CHEMICALS	AT	SER	125
	ADMINISTRATIVE USE OF MOTOR VEHICLES	AT	SER	85
	USE OF GASOLINE CREDIT CARDS	AT	SER	50
	IMPLEMENTATION OF NAFTA PROVISIONS	AT	SER	100
	QUALITY OF LENDER APPRAISALS	AT	SER	30
	* RADIOACTIVE MATERIAL AND WASTE MANAGEMENT	AT	SER	75



AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
MULTI	BIOLOGICAL MATERIAL AND WASTE MANAGEMENT	AT	SER	125
	IRS REPORTING	AT	SER	100
	MEAT AND POULTRY INSPECTION TRACEBACK	AT	SER	125
	* NATIONAL APPEALS DIVISION DECISIONS	AT	SER	300
	FY 1995 USDA FINANCIAL STATEMENTS	FM	FMS	700
	FY 1996 USDA FINANCIAL STATEMENTS	FM	FMS	200
	FY 1995 RECD FINANCIAL STATEMENTS	FM	FMS/GPR	1365
	FY 1996 RECD FINANCIAL STATEMENTS	FM	ALL REGIONS	700
	MONITORING THE FINANCIAL INFORMATION SYSTEM VISION AND STRATEGY (FISVIS)	FM	FMS	300
	MONITORING THE DEPARTMENT'S REORGANIZATION	FM	FMS/NER	200
	USDA ACCESS TO THE INTERNET	FM	FMS	100
	FARM SERVICE AGENCY IRM ACQUISITIONS-INFOSHARE	FM	FMS	75
	FOLLOWUP REVIEW OF SECURITY AND CONTROLS OVER DISTRIBUTED PROCESSING SYSTEMS	FM	FMS	200
	SECURITY AND CONTROL OF SENSITIVE SYSTEMS	FM	FMS	150
	IMPLEMENTATION OF ACF2/IDMS SECURITY	FM	FMS	25
	VERIFICATION OF DATA INPUT INTO NFC PAYROLL/ PERSONNEL SYSTEM	FM	FMS/SER MWR NER WR SWR	400
	MONITORING OF LOAN SYSTEM INITIATIVES	FM	FMS	75
	PROCUREMENT REFORMS	FM	FMS	100
	COMPLIANCE WITH PUBLIC LAW 101-121	FM	FMS	75
	MONITORING OF FIELD SERVICE CENTER IMPLEMENTATION	HQ	HQ	300
	MONITORING OF MAP (MODERNIZATION OF ADMINISTRATION PROCESS)	HQ	HQ/FMS	75
	REVIEW OF DEPARTMENTAL COMPLIANCE WITH OMB CIRCULAR A-131	HY	NER	25
	COST SHARE PROGRAMS	KC	GPR	100
	EFFECTIVENESS OF CONTROLS OVER PROGRAM PAYMENTS MADE TO CFSA EMPLOYEES	KC	GPR	150
	ACCURACY OF JOINT REPORTING SYSTEM FOR HELC/WC VIOLATIONS	KC	GPR	100
	WATER QUALITY INCENTIVES PROJECTS	KC	GPR	260
	FOLLOWUP AUDIT OF OCEANIC INSTITUTE WAIMANALO, HI	SF	WR	100
	CONTRACT APPRAISALS OF FARMER PROGRAM LOAN SECURITY PROPERTY	TE	SWR	100
	MULTI-AGENCY IMPLEMENTATION OF CASH MANAGEMENT ACT	TE	SWR	50
	FY 1996 AUDIT ASSIST	FM	FMS	385
	LAN AND CAPTAIN MAINTENANCE	FM	FMS	400
	AUDIT OF CONTRACTS	ALL	(EXCEPT FMS, SWR)	295
	SINGLE AUDIT MANAGEMENT	ALL	(EXCEPT FMS, SER)	845
	AUDIT FOLLOWUP	ALL		1040
	SPECIAL REQUESTS	ALL		2290
	AUDIT MANAGEMENT AND LIAISON	ALL		4102
	<b>SUBTOTAL 16397</b>			
NASS	* QUALITY ASSURANCE FOR PROGRAM CROP PRICE SURVEYS	AT	SER	150
	AUDIT MANAGEMENT AND LIAISON	ALL		50
	<b>SUBTOTAL 200</b>			

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
NRCS	CONSERVATION RESERVE PROGRAM-LAND ELIGIBILITY DETERMINATIONS	CH	MWR	125
	USE OF EMERGENCY WATERSHED/FLOOD PREVENTION FUNDS	CH	MWR	100
	EVALUATION OF TRANSFERRED CONSERVATION PROGRAMS	KC	GPR	75
	PLANT MATERIAL CENTERS	KC	GPR	50
	EVALUATION OF PROCEDURES USED TO RATE LAND OFFERED FOR ENROLLMENT IN THE WRP	KC	GPR	150
	WETLANDS INVENTORY AND COMPLIANCE DETERMINATIONS	KC	GPR	100
	WATERSHED PROTECTION AND FLOOD PREVENTION	TE	SWR	75
	AUDIT MANAGEMENT AND LIAISON	ALL		225
	<b>SUBTOTAL 900</b>			
OCFO	USDA WORKING CAPITAL FUND OPERATIONS	FM	FMS	150
	NFC CAPACITY MANAGEMENT PROGRAM	FM	FMS	50
	FY 1995 NFC GENERAL CONTROLS REVIEW	FM	FMS	100
	IMPREST FUND AND FIELD PARTY ADVANCE SYSTEM	FM	FMS	25
	NFC MANUAL PAYMENTS	FM	FMS	100
	COST EFFICIENCY AND IMPLEMENTATION OF CONTROLS AND REPORTING REQUIREMENTS AT NFC	FM	FMS	75
	AUDIT MANAGEMENT AND LIAISON	ALL		167
	<b>SUBTOTAL 667</b>			
OIRM	FY 1995 NCC GENERAL CONTROL REVIEW	FM	FMS	75
	AUDIT MANAGEMENT AND LIAISON	ALL		25
	<b>SUBTOTAL 100</b>			
OO	REQUIREMENTS OF SECTION 8(A) OF THE SMALL BUSINESS ACT	HY	NER	100
	AUDIT MANAGEMENT AND LIAISON	ALL		33
	<b>SUBTOTAL 133</b>			
RBCDS	RURAL BUSINESS ENTERPRISE GRANTS AND TELEVISION DEMONSTRATION GRANTS	HY	NER	100
	REVISED BUSINESS & INDUSTRIAL LOAN PROCEDURES	SF	WR	100
	B&I GUARANTEED LOAN PROGRAM-LIQUIDATIONS	SF	WR	400
	INTERMEDIARY RELENDING PROGRAM	TE	SWR	100
	CONTROLS OVER ENVIRONMENTAL IMPACT ASSESSMENT	TE	SWR	100
	* EMPOWERMENT ZONES-ENTERPRISE COMMUNITIES	TE	SWR/SER	210
	AUDIT MANAGEMENT AND LIAISON	ALL		337
	<b>SUBTOTAL 1347</b>			
RHCDS	GUARANTEED RURAL HOUSING LOAN PROGRAM	AT	SER/NER	200
	REASONABLENESS OF RRH MANAGEMENT FEES	CH	MWR	100
	* RRH OVERVIEW	CH	MWR	75
	EVALUATION OF CONTRACTED ANALYSES OF RRH PROJECT OPERATIONS	CH	MWR/WR	225
	RRH CONSTRUCTION ACTIVITIES	CH	MWR	75
	MANAGEMENT OF RRH PROJECTS	CH	MWR	1000
	RURAL HOUSING PROGRAM-RURAL AREA DESIGNATIONS	CH	MWR	125
	* REASONABLENESS OF RRH MAINTENANCE COSTS	CH	MWR	100
	RRH REHABILITATION LOANS	CH	MWR/NER GPR WR SWR	900
	MONITORING OF THE RURAL RENTAL HOUSING PROGRAM-IN	CH	MWR	150

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
RHCDS	RRH PROJECT OPERATIONS-CATO COMPANY, MI	CH	MWR	50
	PROPRIETY OF RRH PROJECT RESERVE ACCOUNTS	CH	MWR	50
	INTERNAL CONTROLS OVER INTEREST CREDITS	HY	NER	100
	RENEWAL CONTRACTS			
	ACQUISITION, MGMT AND DISPOSAL OF RH	HY	NER	150
	ACQUIRED PROPERTY			
	SUNNYSIDE MANOR RRH PROJECT OPERATIONS	HY	NER	200
	ADDITIONAL SERVICING OF 8/515 PROJECTS	KC	GPR	150
	FUNDING OF EQUITY LOAN INCENTIVES	KC	GPR	100
	SERVICING OF RRH PROJECTS RECEIVING	KC	GPR	100
	RETROACTIVE PAYMENTS			
	RESTORED RRH INTEREST CREDIT BENEFITS	KC	GPR	100
	FINANCIAL STATEMENT AUDITS-RRH PROJECTS	SF	WR	50
	HOUSING FOR THE HOMELESS PROGRAM	TE	SWR	25
	MANAGEMENT AND COLLECTION OF NONPROGRAM LOANS	TE	SWR	50
	EVALUATION OF THE MANAGEMENT OF RRH PROJECTS	TE	SWR	100
	SECTION 583 HOUSING PRESERVATION GRANT PROGRAM	TE	SWR	100
	AUDIT MANAGEMENT AND LIAISON	ALL		1426
	<b>SUBTOTAL</b>	<b>5701</b>		
RUS	QUALITY OF AUDITS PERFORMED ON RUS ELECTRIC	FM	FMS	50
	AND TELEPHONE LOAN FUNDS			
	FY 1995 RUS/RTB FINANCIAL STATEMENTS	HQ	HQ	100
	FY 1996 RUS/RTB FINANCIAL STATEMENTS	HQ	HQ	15
	DISTANCE LEARNING AND MEDICAL LINK GRANTS	HY	NER	100
	WATER AND WASTE BORROWER OPERATIONS	KC	GPR	75
	ELIGIBILITY OF WATER AND WASTE LOANS AND GRANTS	KC	GPR	80
	GUARANTEED LOANS	KC	GPR	150
	REVIEW OF THE RURAL ELECTRIFICATION RESTRUCTURING	TE	SWR	100
	ACT OF 1993			
	AUDIT MANAGEMENT AND LIAISON	ALL		224
	<b>SUBTOTAL</b>	<b>894</b>		
<b>GRAND TOTAL STAFF DAYS</b>				<b>70000</b>

\* An evaluation is a review, study, or analysis of USDA's programs or activities for the purpose of providing information to managers for decision-making, for making recommendations for improvements to programs, policies, or procedures, and for administrative action.







